

STRATEGIC PLAN

2003



Missouri Department
of
Economic Development

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Purpose of Department	<p>The Department of Economic Development (DED) is composed of agencies, which execute statutory requirements and department policy in the areas of economic development, regulation of business and financial institutions and licensing of professionals. DED works with local communities to help firms create jobs, increase sales, find and train qualified workers, identify sites and obtain financial support to locate or expand in Missouri as well as promote capital investment and the self-sufficiency of communities in the state. Through its regulatory agencies, DED works to ensure safe and sound financial institutions, just and reasonable utility rates and ethical services by licensed professionals.</p> <p>DED believes improved performance and increased customer satisfaction can be achieved through a targeted approach to marketing and resource allocation, through employees who are empowered to make decisions regarding services to customers, and through innovative programs and policies.</p> <p>DED serves a diverse group of customers, including communities, businesses, and individuals. DED uses a customer-focused, results-oriented approach to meet the needs of these groups as evidenced in its statements of vision, mission, and values; and through its performance measures.</p>
Vision	To make Missouri the best place to live, work, vacation and conduct business
Mission	We will achieve our vision through stimulating and supporting economic security, opportunity, growth and a high quality of life in Missouri communities.
Values	<ul style="list-style-type: none"> ❑ Accountability – we will embody the outcomes desired by our organization and its customers ❑ Measurement – we will measure our performance on outcomes and report our progress ❑ Innovation – we will develop innovative approaches, programs and products to better achieve the desired outcomes ❑ Customer satisfaction – we will proactively solicit end user expectations so that we design products that achieve total customer satisfaction ❑ Empowerment – we will promote a climate that values diversity in the workforce, gives employees the ability to increase customer satisfaction and that provides universal access to products

Governor Holden's
Economic Initiative:
Setting the Over-
all Economic
Agenda of the De-
partment

Launched in the spring of 2001, Governor Holden has led and directed a major, broad-ranging effort centered around achieving "Economic Prosperity". The Initiative's goal is to produce measurable economic results for the people of Missouri by focusing the activities of the department and other government agencies around outcomes that enable more prosperous families, communities, and businesses.

As a part of the initiative, the department has initiated and hosted many meetings to gather public input, including a statewide summit with civic leaders, regional dialogue sessions in all parts of the state, and a series of industry roundtables in three key industry groups (life sciences, advanced manufacturing, and information technology).

One goal of these varied initiatives has been the refinement of "performance-based government" within the department. At a time when the federal government and states are increasingly turning to "performance-based government" concepts such as performance measurement, partnerships, and strategic planning, Missouri has emerged as one of the leaders in the effort to "manage for results" in government agencies.¹

On April 27, 2001 Governor Holden convened key state leaders, government officials, representatives from business and leading experts for participation in the *21st Century Economy Summit: The Prosperity Dialogue*—a unique project designed to define strategies and performance measures for enhancing economic prosperity throughout the state of Missouri. The Summit participants established three long-term indicators/outcomes of a prosperous, economically-strong Missouri:

- ☐ Improved quality of life and economic competitiveness
- ☐ Increased business rankings on traditional economic benchmarks
- ☐ Increased personal wealth for all Missourians

A new economy is steadily replacing the "old" economy and Missouri must be prepared to compete effectively in this new national and international economy. Relative prosperity has led to a dilution of development efforts across too many areas and over time, shortfalls in the critical investment areas are beginning to appear. The department has identified these critical areas as:

- ☐ Economic opportunities for individuals (good jobs and small business/entrepreneur opportunities)
- ☐ Quality of life
- ☐ Education and workforce development
- ☐ Research capacity and technology transfer
- ☐ Infrastructure

Alignment with the Managing for Results objectives is an important part of the department's efforts and work in the above critical areas. Statewide economic development must focus on strengthening the foundations of the new economy. And, this approach requires a new strategic focus; one derived from the initiatives of Governor Holden.

¹Performance Institute, Alexandria, VA

DEPARTMENT CONTRIBUTION TO MANAGING FOR RESULTS

Missouri is Successfully Navigating through Tough Economic Times

Desired Results

- Increased per capita income
- Decreased rate of unemployment

Success Predictor Economic health of the community

Increased number of communities with an increase in their assessed valuation

Increased tourism expenditures

Increased number of attendees at arts events

Increased number of people who get a job (enter employment)

Increased number of people employed after 6 and 12 months

Increased number of people who move from below to above the poverty line

Increased access to quality utilities

Increased utility savings to Missouri consumers

Increased number of low income and homeless Missourians whose housing needs are met

Success Predictor Thriving businesses

Increased number of dollars of investment in Missouri by firms

Increased number of dollars of sales by Missouri businesses

Increased number of dollars of cost savings by Missouri businesses

Decreased number of incompetent, negligent, fraudulent, dishonest services by licensed professionals

Success Predictor High wage jobs

Increased number of high wage jobs created in Missouri by firms

Success Predictor Safe and sound financial institutions

Decreased number of problem financial institutions

MISSOURI'S ECONOMY

In general, Missouri's economy tends to follow the national economy. Missouri experienced robust economic growth during the last half of the 1990s, but much weaker performance during 2000, 2001, and 2002. Revised forecasts indicate slow growth at the national level during 2002 and 2003. Missouri's economy is still sluggish, but is expected to pick up toward the end of 2002.

Missouri's economy should continue to experience modest but steady growth over the next few years. The Gross State Product will continue to increase, though growth rates will be slower than those experienced in 2000. Trends in unemployment and personal income growth should continue to mirror national trends.

The United States Bureau of Economic Analysis released new estimates of Gross State Product through 2000 for all fifty states on June 10, 2002. In 2000, Missouri's Gross State Product rose to \$167.7B (chained \$96), an increase of 3.3% from 1999. DED estimates that growth in Gross State Product was about .8% during 2001 and projects it to be about 1.5% during 2002.

Missouri's Gross State Product tends to follow trends in the nation's Gross Domestic Product. The Gross Domestic Product growth slowed at the national level during the second quarter of 2002, indicating a slow recovery for Missouri's economy. Taxable sales in Missouri during the first quarter 2002 continue to decline, and employment statewide is yet to recover, suggesting that Missouri's economic recovery may not begin until very late this year.

Missouri's Purchasing Managers Index score decreased slightly to 61.8 in July, ending seven straight months in which the index increased but still the sixth month that the score remained above a level that predicts future growth in the state's economy, according to the monthly Mid-American Business Conditions Survey, conducted by Creighton University, Omaha, Nebraska.

The Purchasing Managers Index score has gone from a record low of 35.9 in November to 64.6 in June before dropping again in July. The Purchasing Managers Index is above the national average of 50.5 and regional average of 53.9. Typically a score greater than 50 indicates an expansionary economy, while a score below 50 forecasts a sluggish economy for the next three to six months. Economists consider the index, which measures such factors as new orders, production, supplier delivery times, backlogs, inventories, prices, employment, import orders and exports, a key economic indicator.

In the first quarter of 2002, Missouri's personal income grew by 1.2% to \$160 billion, while national income grew by 1.4%. In terms of GSP, Missouri was 18th with a total of \$179 billion (current dollars) in 2000.

In the 1st quarter of 2002, Missouri had the 7th lowest cost of living in the United States (of the 45 states and the District of Columbia surveyed by ACCRA). Missouri gained 4 spots in the rankings since the 4th quarter of 2001, when the state had the 11th lowest cost of living. Missouri's index increased to 92.2 from the previous quarter's 94.3.

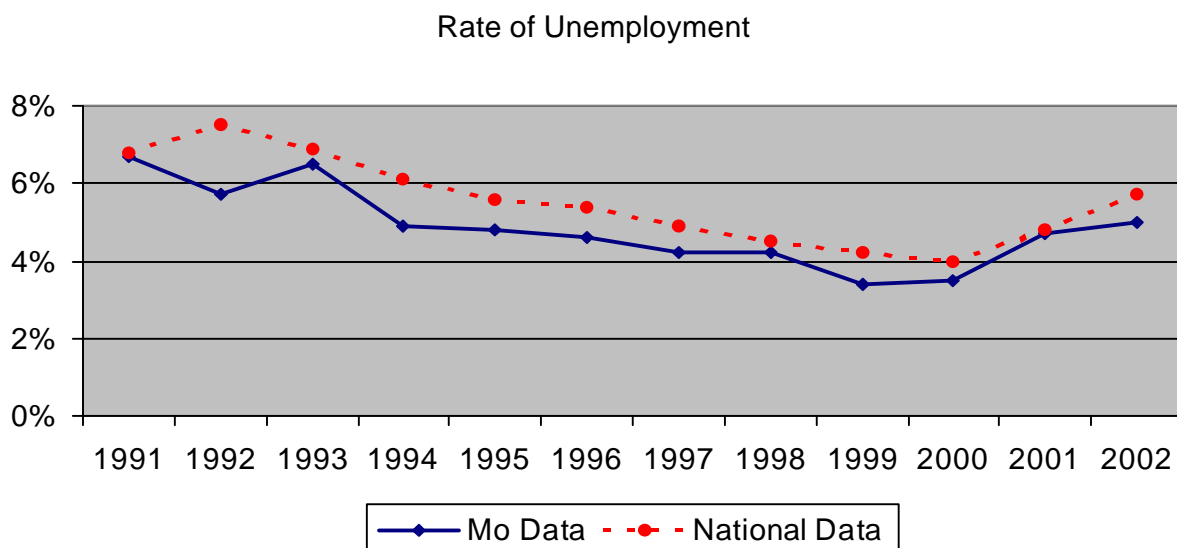
Long-Term Strategies

- ❑ Refocus incentives and marketing resources on industry clusters important to Missouri's economic prosperity – Life Sciences, Information Technology, Advanced Manufacturing.
- ❑ Create an environment which will allow start-up businesses access to capital, qualified people, and state of the art technology which will lead to Missouri becoming a recognized national leader in entrepreneurial development.
- ❑ Through the use of a focused application of economic incentives, reform the use of these incentives to increase the productivity (return on investment) and decrease the cost of incentives.
- ❑ Increase the positive impact of technology on the state.
- ❑ Ensure Missouri's economic future through expediting the practical use of university-based research, including the transfer of intellectual property into the market place, and commercial application of university technology into product development and commercialization.
- ❑ Through cross-agency collaboration, increase the ability and capacity to report and analyze demographic, economic, and workforce data leading to improved planning, policy decision making and increased economic competitiveness.
- ❑ Reform the delivery system for workforce services to one that is more customer-focused and outcome oriented.
- ❑ Further consolidate training and workforce plans into a statewide skills partnership.
- ❑ Increase customer satisfaction with DED through improved performance on key customer requirements, e.g., timeliness, accessibility.
- ❑ Improve DED's overall performance through participation in the Missouri Quality Award process and other organizational assessment processes.
- ❑ Achieve governmental reform through application of private business practices, elimination of bureaucracy, increased focus on performance and customer satisfaction, and continued focus on accountability to Missouri taxpayers.

Improvement Projects

- Department Reorganization
 - Regional Teams – This team will further integrate the work of the development groups (Division of Tourism, Division of Workforce Development, Business Expansion and Attraction, Business Development, and Community Development) and develop a proposal to maintain a regional presence for the department's customers.)
 - Unified Financial Forms Management – This team will review, combine, and simplify financial assistance applications used by businesses and community groups
- Unemployment Insurance Team – This team will review the assistance being provided to help UI claimants return to work and reduce the average length of time required to return work by one week.

Managing for Results – Decreased Rate of Unemployment



Note: 2002 data is for 1st half of 2002 only.

Why this measure is important

The unemployment rate is a clear indicator of the number of people working in a region, and is thus an indicator of the economic health of a region. Economists consider an unemployment rate between 4-5% as "full" employment.

Factors influencing this measure

Not identified at this time.

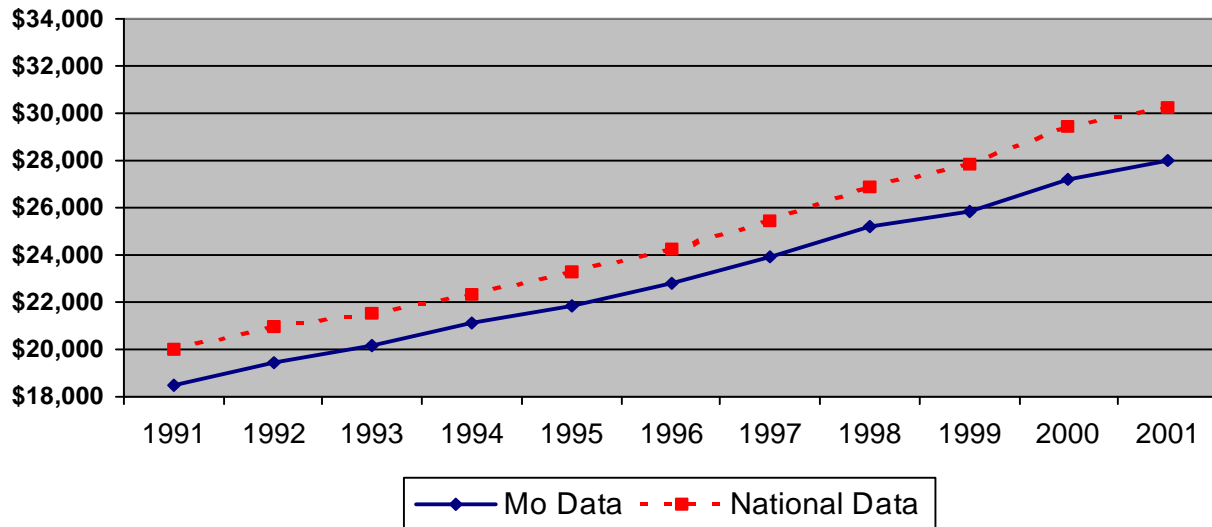
Other factors

Clearly, national and global economic conditions play a role in the state's unemployment rate. It is also important to consider overall employment levels, as well as industry-specific employment data to isolate trends.

Trend analysis	<p>The unemployment rate in Missouri closely follows patterns in the unemployment rate at the national level, although Missouri's rate is almost always below that of the nation. After the recession of the early 1990's, Missouri enjoyed several consecutive years of declining unemployment. However, the recent recession has caused the unemployment rate to spike upward in the state.</p>																		
How Missouri compares to other states	<p>In general, Missouri is about average compared to its neighboring states. In July 2002, five of Missouri's eight neighbors had unemployment rates lower than Missouri.</p> <p style="text-align: center;">Rate of Unemployment Comparison (Seasonally Adjusted)</p> <table> <tr><td>Nebraska</td><td>3.6%</td></tr> <tr><td>Iowa</td><td>4.0%</td></tr> <tr><td>Oklahoma</td><td>4.2%</td></tr> <tr><td>Kansas</td><td>4.6%</td></tr> <tr><td>Tennessee</td><td>4.9%</td></tr> <tr><td><i>Missouri</i></td><td>5.2%</td></tr> <tr><td>Arkansas</td><td>5.2%</td></tr> <tr><td>Kentucky</td><td>5.3%</td></tr> <tr><td>Illinois</td><td>6.7%</td></tr> </table>	Nebraska	3.6%	Iowa	4.0%	Oklahoma	4.2%	Kansas	4.6%	Tennessee	4.9%	<i>Missouri</i>	5.2%	Arkansas	5.2%	Kentucky	5.3%	Illinois	6.7%
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What Works	Analysis has not yet been completed.																		
Concerns	<p>While growth in unemployment has finally slowed in Missouri, it is important to note that much of the recovery has been made in the services sector of the economy. Many of the often high-pay, high-skill manufacturing jobs that have been lost over the past year have yet to be recovered.</p>																		
Other sources of information	<p>Missouri Economic Research and Information Center (MERIC), Missouri Department of Economic Development, www.MissouriEconomy.org United States Department of Labor, Bureau of Labor and Statistics (US BLS), www.bls.gov.</p>																		

Managing for Results – Increased level of per capita income

Per Capita Personal Income



Why this measure is important

Per Capita Income, or total personal income per person, is an indicator of wealth in a region.

Factors influencing this measure

Not identified at this time

Other factors

It is important to consider the “Transfer Payments” component of Per Capita Income. Transfer payments include social assistance payments as well as unemployment benefits, both of which tend to rise during downturns in the economy. When transfer payments are removed, Missouri’s Per Capita Income grew by 50.6% over the last decade. While outpacing growth of the same measure at the national level (49.4%), this figure suggests transfer payments grew faster than overall income during the last decade. The state of Illinois, by comparison, experienced faster growth in transfer-payment-less income than in overall per capita income.

Trend analysis

Per Capita Income in Missouri has grown every year during the past decade. From 1990-2000, Per Capita Income grew by 53.3% in Missouri, higher than the US growth rate of 50.6%.

How Missouri compares to other states

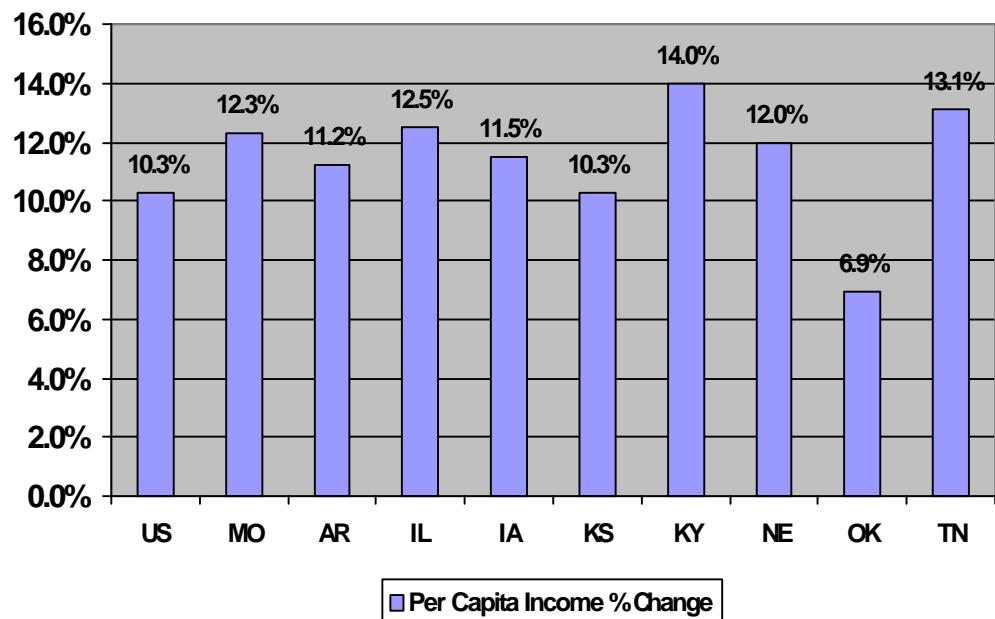
Missouri ranks 29th among the states (Connecticut is first, Mississippi is 50). Of Missouri's neighboring states, Missouri ranks behind only Illinois, Kansas, and Nebraska in Per Capita Income.

2001 Per Capita Personal Income

Source: Bureau of Economic Analysis

US	\$30,271
Illinois	\$32,755
Nebraska	\$28,564
Kansas	\$28,507
Missouri	\$28,029
Iowa	\$27,283
Tennessee	\$26,758
Kentucky	\$25,057
Oklahoma	\$24,787
Arkansas	\$22,912

Per Capita Income Percentage Change 1990-2000 Adjusted for Inflation



What Works

Clearly, salaries and wages are the largest driver of Per Capita Income. If more jobs are available at high-paying wages, Per Capita Income will grow faster. At the same time, the workforce must have the necessary skills and training so that these high-paying jobs can be readily filled.

Concerns	As the economy continues its slow recovery, growth in the wage component of Per Capita Income will continue to falter, particularly as high-paying jobs in the Manufacturing sector remain scarce. Per Capita Income in Missouri will likely continue to grow at a slow rate, but the Transfer Payments component should be closely monitored.										
Other sources of information	Missouri Economic Research and Information Center (MERIC), Missouri Department of Economic Development, www.MissouriEconomy.org United States Department of Labor, Bureau of Labor and Statistics (US BLS), www.bls.gov .										
Success Predictor – Economic health of the community	<p style="text-align: center;">Summary of Strategies</p> <table> <thead> <tr> <th>Outcome Measure</th><th>Strategies</th></tr> </thead> <tbody> <tr> <td> <input type="checkbox"/> Increase the number of communities experiencing an increase in assessed valuation </td><td> <u>Long-Term</u> <input type="checkbox"/> Not identified at this time <u>Short-Term</u> <input type="checkbox"/> Not identified at this time </td></tr> <tr> <td> <input type="checkbox"/> Increase tourism expenditures </td><td> <u>Long-Term</u> <input type="checkbox"/> Not identified at this time <u>Short-Term</u> <input type="checkbox"/> Increase the number of visitors, their length of stay, and per day expenditure rate. </td></tr> <tr> <td> <input type="checkbox"/> Increase the number of attendees at arts events </td><td> <u>Long-Term</u> <input type="checkbox"/> Not identified at this time <u>Short-Term</u> <input type="checkbox"/> Increase the number of new arts organizations that receive organizational development program support from the Missouri Arts Council </td></tr> <tr> <td> <input type="checkbox"/> Increase the number/rate of people who get a job (enter employment) </td><td> <u>Long-Term</u> <input type="checkbox"/> Reform the delivery system for workforce services to one that is more customer-focused and outcome oriented <input type="checkbox"/> Further consolidate training and workforce plans into a statewide skills partnership. <u>Short-Term</u> <input type="checkbox"/> Increase the quality of services provided to Missouri businesses <input type="checkbox"/> Increase career placements of Unemployment Insurance (UI), Temporary Assistance for Needy Families (TANF), and Veteran customers </td></tr> </tbody> </table>	Outcome Measure	Strategies	<input type="checkbox"/> Increase the number of communities experiencing an increase in assessed valuation	<u>Long-Term</u> <input type="checkbox"/> Not identified at this time <u>Short-Term</u> <input type="checkbox"/> Not identified at this time	<input type="checkbox"/> Increase tourism expenditures	<u>Long-Term</u> <input type="checkbox"/> Not identified at this time <u>Short-Term</u> <input type="checkbox"/> Increase the number of visitors, their length of stay, and per day expenditure rate.	<input type="checkbox"/> Increase the number of attendees at arts events	<u>Long-Term</u> <input type="checkbox"/> Not identified at this time <u>Short-Term</u> <input type="checkbox"/> Increase the number of new arts organizations that receive organizational development program support from the Missouri Arts Council	<input type="checkbox"/> Increase the number/rate of people who get a job (enter employment)	<u>Long-Term</u> <input type="checkbox"/> Reform the delivery system for workforce services to one that is more customer-focused and outcome oriented <input type="checkbox"/> Further consolidate training and workforce plans into a statewide skills partnership. <u>Short-Term</u> <input type="checkbox"/> Increase the quality of services provided to Missouri businesses <input type="checkbox"/> Increase career placements of Unemployment Insurance (UI), Temporary Assistance for Needy Families (TANF), and Veteran customers
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- | | |
|--|---|
| <ul style="list-style-type: none"> ❑ Increase the number of people employed after 6 months and 12 months | <ul style="list-style-type: none"> ❑ See strategies for “Increase the number of people who get a job (enter employment)” |
| <ul style="list-style-type: none"> ❑ Increase the number of people who get a job with increased earnings | <ul style="list-style-type: none"> ❑ See strategies for “Increase the number of people who get a job (enter employment)” |
| <ul style="list-style-type: none"> ❑ Increase the number of people who move from below the poverty line to above the poverty line | <ul style="list-style-type: none"> ❑ See strategies for “Increase the number of people who get a job (enter employment)” |

- ❑ Increase the number of low income and homeless Missourians whose housing needs are met

Long-Term
Not identified at this time

Short-Term
Not identified at this time

- ❑ Increase access to quality utilities

Long-Term
❑ Not identified at this time

- Short-Term
- ❑ Through impartial review of rate cases and through preparation of testimony and other relevant materials, maintain average annual utility cost to consumers (Annual comparison to national averages)
 - ❑ Maintain quality (safe) utilities by monitoring outages and performing safety inspections
 - ❑ Increased availability of utilities to consumers (annual number of customers and access lines)
 - ❑ Increase utility savings to Missouri consumers
 - ❑ Increase the number of consumer protection issues brought to the attention of the Public Service Commission by the Office of Public Counsel

- ❑ Increase utility savings to Missouri consumers

Long-Term
❑ Not identified at this time

Short-Term
❑ Increase utility savings to individual Missouri consumers

Success Predictor – Thriving businesses

Outcome Measure

Strategies

- ❑ Increase the number of dollars of investment in Missouri by firms

Long-Term

- ❑ Create an environment which will allow start-up businesses access to capital, qualified people, and state of the art technology which will lead to Missouri becoming a recognized national leader in entrepreneurial development
- ❑ Technology based economic development, including ensuring Missouri's economic future through expediting the practical use of university-based research, including the transfer of intellectual property into the market place, and commercial application of university technology into product development and commercialization
- ❑ Refocus incentive and marketing resources on industry clusters important to Missouri, i.e., Life Sciences, Information Technology, Advanced Manufacturing

Short-Term

- ❑ Increase venture capital brought into the state
- ❑ Develop a regional approach to economic development
- ❑ See also strategies for "Increase the number of high wage jobs created in Missouri by firms"

- ❑ Increase the number of dollars of sales by Missouri businesses

Long-Term

- ❑ Create an environment which will allow start-up businesses access to capital, qualified people, and state of the art technology which will lead to Missouri becoming a recognized national leader in entrepreneurial development

Short-Term

- ❑ Increase international propensity and sales by Missouri firms and institutions
- ❑ Develop supply chains

- ❑ Increase the number of dollars of cost savings by Missouri businesses

Long-Term

- ❑ Not identified at this time

Short-Term

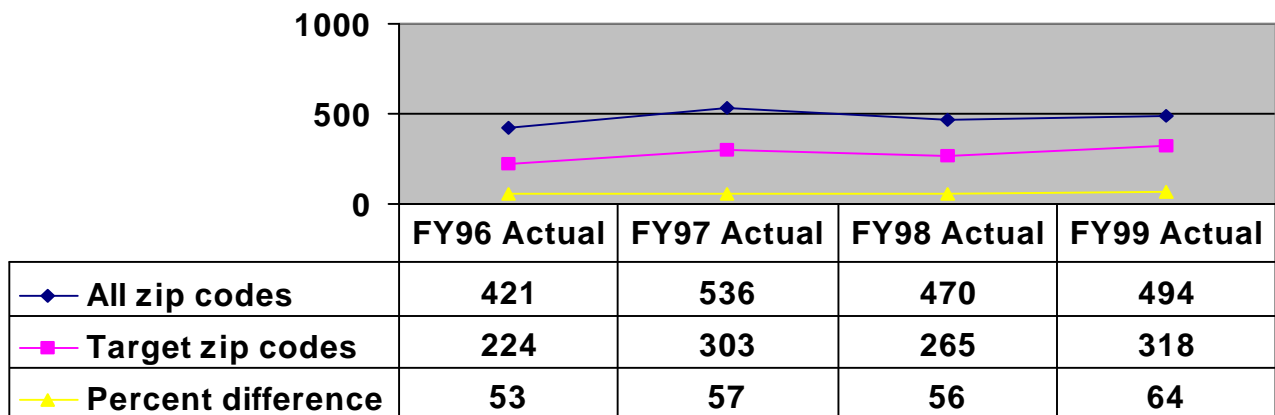
- ❑ Reduce the cost of marketing for Missouri companies seeking new market penetration
- ❑ Provide consulting services on international development

	<ul style="list-style-type: none"> ❑ Decrease the number of incompetent, negligent, fraudulent, dishonest services by licensed professionals 	<p><u>Long-Term</u> Not identified at this time</p> <p><u>Short-Term</u></p> <ul style="list-style-type: none"> ❑ Prevent incompetent, negligent, fraudulent, dishonest services by licensed professionals through proactive inspections and education ❑ Resolve reports of suspected incompetent, negligent, fraudulent, dishonest services within 3 years
Success Predictor – High Wage Jobs	<ul style="list-style-type: none"> ❑ Increase the number of high wage jobs created in Missouri by firms 	<p><u>Long-Term</u></p> <ul style="list-style-type: none"> ❑ See strategies for “Increase the number of dollars of investment in Missouri by firms” <p><u>Short-Term</u></p> <ul style="list-style-type: none"> ❑ Increase the number of new locations ❑ Increase the number of expansions ❑ Increase jobs retained ❑ Develop regional plans in partnership with local/regional partners for project management, marketing, incentive proposals, and strategies on: <ul style="list-style-type: none"> - priority targeted businesses for each region - leads from external businesses - leads from internal (existing) businesses - an “early warning system” for businesses that may close or relocate.
Success Predictor – Safe and sound financial institutions	<p>Outcome Measure</p> <ul style="list-style-type: none"> ❑ Decrease the number of problem financial institutions 	<p>Strategies</p> <p><u>Long-Term</u></p> <ul style="list-style-type: none"> ❑ Analyze/minimize the effect of the economic downturn through utilization of pro-active examination and institution monitoring techniques <p><u>Short-Term</u></p> <ul style="list-style-type: none"> ❑ Continue to investigate methods to increase deposit growth in banks to reduce liquidity pressures ❑ Reduce the length of time financial institutions remain in problem status ❑ Remain the preferred regulator in Missouri for banks and credit unions <p>Note: The “customer satisfaction” and “decrease costs” measures and strategies are applicable to all Success Predictors.</p>

	<p>Outcome Measure</p> <p>❑ Increase customer satisfaction rating with DED</p> <p>Strategies</p> <p><u>Long-Term</u></p> <p>❑ Improve performance on key customer requirements, e.g., timeliness, accessibility, accuracy, integrated delivery system</p> <p>❑ Improve overall performance through participation in the Missouri Quality Award process and other organizational assessment processes</p> <p><u>Short-Term</u></p> <p>❑ Increase the number of products designed to customer expectations</p> <p>❑ Increase the number of processes meeting customer expectations</p>
	<p>❑ Decrease costs to achieve results/outcomes for DED and the customer</p> <p><u>Long-Term</u></p> <p>❑ Through cross-agency collaboration, increase the ability and capacity to report and analyze demographic, economic, and workforce data leading to improved planning, policy decision making, and increased economic competitiveness</p> <p>❑ Achieve governmental reform through application of private business practices, elimination of bureaucracy, increased focus on performance and customer satisfaction, and continued focus on accountability to Missouri taxpayers</p> <p>❑ Through the use of a focused application of economic incentives, reform the use of these incentives to increase the productivity (return on investment) and decrease the cost of incentives</p> <p><u>Short-Term</u></p> <p>❑ Reduce direct costs charged to customers</p> <p>❑ Reduce indirect costs (time and resource demands) for customers to use DED products/services</p> <p>❑ Reduce administrative costs</p> <p>❑ Reduce the cost to achieve results</p>

Success Predictor - Economic health of the community

Outcome Measure #1 - Increase the number of communities that improve performance on established economic indicators



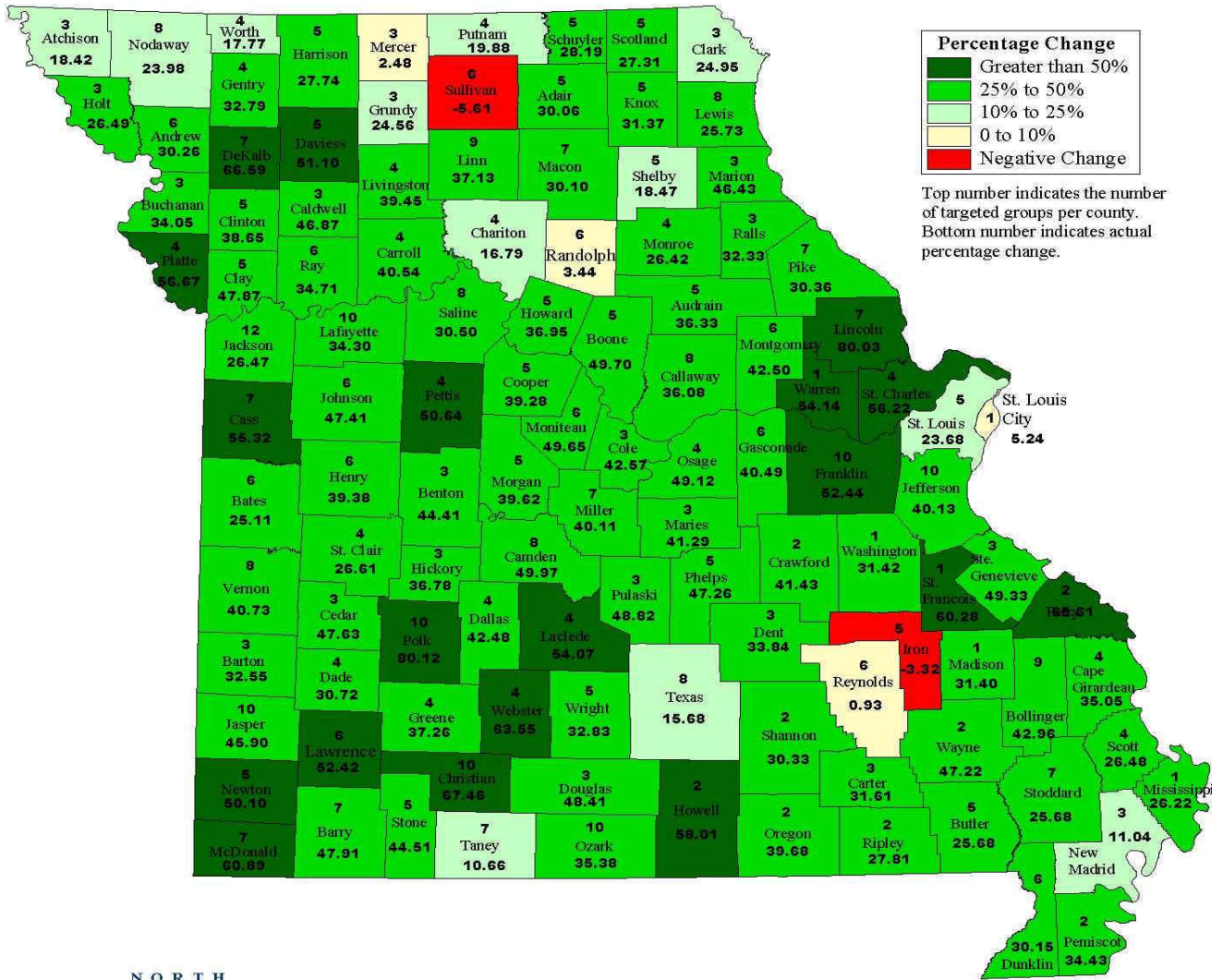
** FY 99 data available in 2001; FY 00 data available in 2002

Description of Measure	The economic standard is a statewide measure of income derived from salaries, dividends and interest, earned income tax credits and assessed valuation.
Why this measure is important	The economic standard index is a measure compiling income information that reflects the potential for communities to become self-sustaining. Communities improve based upon the resources present for improvement. Two main resources are a community's tax base and its residents' income (wages).
Trend analysis	<ul style="list-style-type: none"> □ Steady increase in the percentage of target communities making a positive movement in economic standard index. □ There is also a steady increase of the percentage of target communities that show positive movement in relation to all communities. In 1995, 72% of the total communities having positive improvement were target communities. In 1996, 77% were target communities and in 1997, 79% were target communities. □ Percentages have changed from previous reports due to the recalculation of the standard based upon the new earned income tax credit variable.

How Missouri compares to other states	<p>The State of Maryland is one of the only states utilizing similar targeting efforts however their data collection is much more current as they have statewide reporting information requirements which we do not have.</p>
What Works	<p>In addition to the distressed communities, DED has targeted 556 zip code areas for targeted community development assistance. These zip code areas for targeted assistance were identified through an economic index of community vitality developed by the University of Missouri.</p> <p>The Community Development Group targets at least 55% of its funding into the target and distressed communities. There is also a steady increase of the percentage of target communities that show positive movement in relation to all communities showing positive movement. In 1995, 72% of the total communities having positive improvement were target communities. In 1996, 77% were target communities and in 1997, 79% were target communities. Funding in those areas rose from 46.2% in FY99 to 56% in FY00 and 3rd quarter of FY01 was at 69%.</p>
Concerns	<ul style="list-style-type: none"> ❑ When comparing where funding is going (interim measure of 55% of funding to target areas), there is indication that there may not be a direct correlation between funding and change. This needs more research. On the positive side, there is shown a steady decrease in percentage of those target areas that are moving down in the standard index which may lead to the conclusion that by investing in the targets, one is preventing further deterioration of the economic standard. Further analysis of what type of specific funding sources create change is also underway. Finally, analysis of those communities' movement in the economic standard and the presence of community based planning and assessment is also underway. ❑ Community improvement and readiness does not happen in a short timeframe. Many of the communities targeted since the passage of the distressed community legislation have received funding over the last few years, however, with the onset of new data from the census bureau (2002) many of these communities will change because their designation as distressed is based upon decennial census information. Some communities that we have put our funding into may no longer be eligible for these funds. ❑ In spite of Missouri's overall economic success, there are urban and rural areas within the state that continue to experience high unemployment rates, poverty and population loss. These communities do not have the resources to reverse these trends and do not have the necessary infrastructure or workforce to attract new businesses or business expansions to their communities.

	<ul style="list-style-type: none"> Some areas of rural Missouri have also been mired in poverty and unemployment for many years. Unlike cities, poverty in rural Missouri is generally more dispersed and usually not found in large concentrations. It is often symptomatic of a region's narrow economic base and is reflective of isolation from the investment of capital that plays a distinct role in shaping prosperity. DED works to create capacities within communities and bring employment opportunities.
Strategies	<ul style="list-style-type: none"> Not identified at this time.

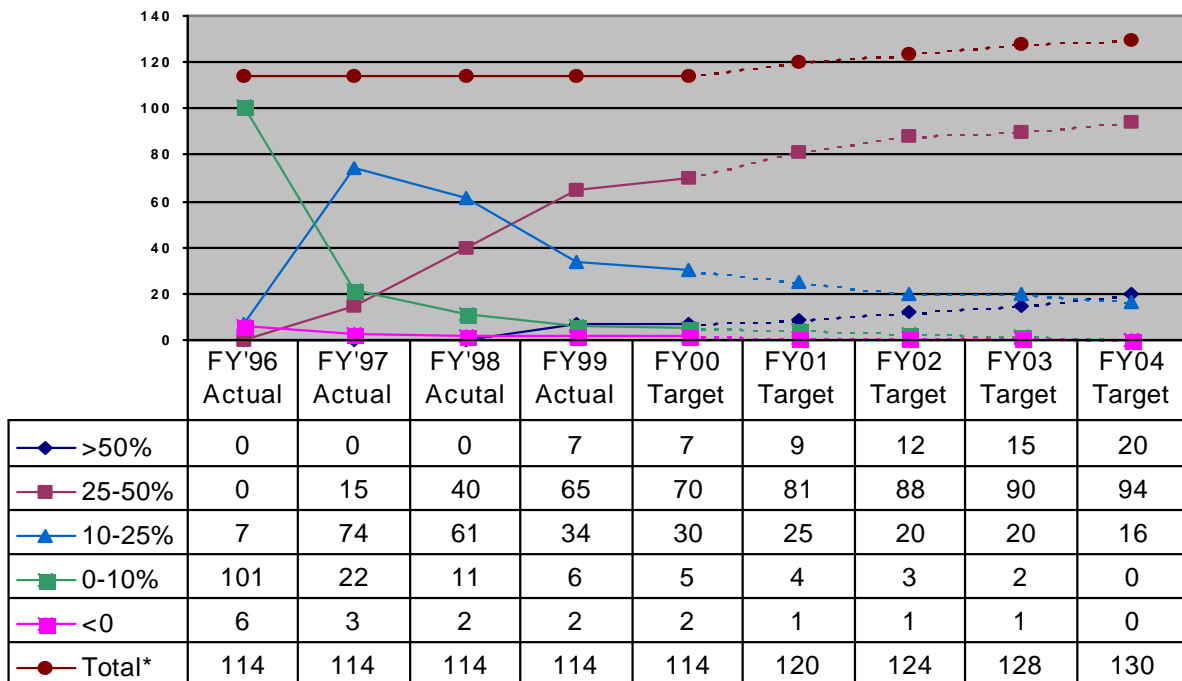
Change in Assessed Valuations 1995 to 2000



August, 2001



Outcome Measure #2 -- Increase the number of communities experiencing an increase in their assessed valuation

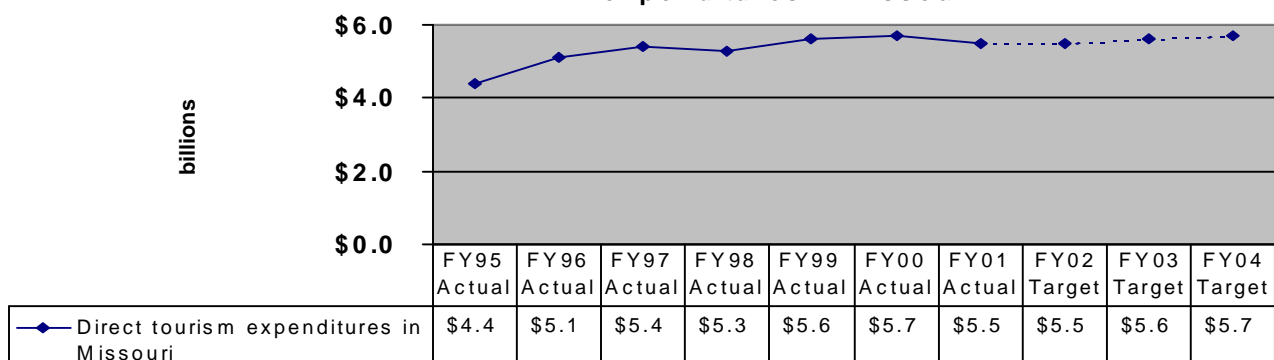


*Total does not include number of communities with <0% movement.

Description of Measure	
Why this measure is important	There are two main sources of income for communities to access when funding their own sustainability outside of user fees. The first is sales taxes that are imposed for specific purposes through an election process. The second means of support is the revenue generated by personal and real estate taxes through the assessment process. By increasing assessed valuation in communities, the base for increased revenues is expanded which can lead to more community funds for community operations and improvement.
Factors influencing this measure	A key factor influencing this measure is the required reassessment and how that reflects on increased revenues to the areas.

Trend analysis	<ul style="list-style-type: none"> When measured as a composite figure, using 1995 as a base comparison year, assessed valuation shows a gradual increase especially in years 2, 3 and 4. Year 5 appears to be an anomaly that bears closer examination. There will become a point of stasis due to the fact that the maximum number of communities experiencing an increase in their assessed valuation will never exceed 115 (the number of counties and the City of St. Louis) in the state of Missouri.
How Missouri compares to other states	Comparisons to other states have not yet been explored.
What Works	Outreach efforts for increased valuation such as alternative job creation, community infrastructure improvement and leveraging local funding appear to be having an effect on valuation. Further correlation between target funding and assessed valuation needs to be done.
Concerns	<ul style="list-style-type: none"> Measurements are continuing to be refined and assessed. DED is assessing the change in measurement for a continuing baseline from 1995 and discussions are being held as to how reassessment may play a part in the valuation. Continued expansion of communities into undeveloped areas of the state is also a concern. As communities grow, additional costs are incurred as to extension of community services and infrastructure improvements. Infill development and increased regionalization can aid in cost savings as well as increase assessed valuation in existing communities.
Strategies	Not identified at this time.

Outcome Measure #3 -- Increase direct domestic tourism expenditures in Missouri



Description of Measure	
Why this measure is important	<p>The total impact of tourism has a very positive effect on Missouri's economy. According to the Economic Impact Report for FY01 released by the University of Missouri-Tourism Research and Development Center, direct expenditures (on-site expenditures by domestic and international visitors plus airport-related expenditures) by travelers in Missouri totaled \$8.0 billion during FY01, down 3.5% from the record high during FY00. Total industrial output (the value of products produced by Missouri industries) due to travel in Missouri decreased during FY01, falling to \$12.5 billion from the FY00 record high of \$12.9 billion.</p> <p>Total state tax revenues (sales, income and other taxes) due to travel in Missouri increased 1.1% during FY01, to a record \$609 million and taxable sales revenues from the 17 tourism related industries reached a record \$7.47 billion, down slightly from \$7.48 billion during FY00.</p>
Factors influencing this measure	<p>❑ Economy: According to The Economic Review of Travel in America (2001 edition) released by TIA, the national economy's strong overall performance in 2000 translated to a very good year for the U.S. travel industry. Domestic travel volume and associated visitor spending reached historic highs, as did international arrivals and expenditures. These, in turn, elevated travel-related payroll, employment and tax revenues to previously unattained levels. The national economy influences the volume and characteristics of both U.S. resident travel and international travel to and from the U.S. Travel to and within the U.S. has a complementary effect on national and state economies and virtually every local economy. A particularly strong or weak economy accordingly may have a significant impact on travel volume along with travel spending and its economic offshoots.</p> <p>The overall U.S. economy began to exhibit signs of a slowdown toward the latter part of the year. To cope with the deceleration of the economy, a number of industries such as the manufacturing industry began their layoffs. In 2000, the number of mass layoff events nationwide, defined as 50 or more workers from a single establishment, grew 5.6 percent over 1999, to 15,738. Contrary to this situation the travel industry managed to hold its own in 2000 and continued to add workers to its labor force. Compared to the manufacturing industry, which decreased its employment by 0.4% to 18.5 million, travel industry jobs increased 2.5% to 7.8 million in</p>

	<p>2000. This growth also surpassed that of the total non-farm employment, which finished out the year with 2.2% growth.</p> <ul style="list-style-type: none"> ❑ Travel Inflation: Travel demand is highly sensitive to price inflation. When overall consumer prices increase faster than per capita personal income, which usually occurs during economic downturns, consumers tend to reduce discretionary spending on items such as leisure travel to continue to buy necessities. During periods of economic growth, incomes usually rise faster than prices, and consumers enjoy greater purchasing power for discretionary purchases, including leisure travel. Travel demand is also affected by the prices of competing items such as audiovisual equipment, personal computers, home improvements and nearby entertainment facilities. When the prices of travel-related goods and services rise faster than prices overall, consumers may substitute these alternative leisure-time items for travel.
Other factors	<ul style="list-style-type: none"> ❑ Tourism products/services (attractions, etc.) that are available in Missouri in comparison to other vacation destinations. ❑ Effective advertising that is reaching target visitors. ❑ Real and perceived traveler safety issues may influence travel.
Trend analysis	<ul style="list-style-type: none"> ❑ Domestic visitors spent \$5.5 billion dollars on tourism and travel while in Missouri during FY01, down 5.5% from FY00 (\$5.8 billion). ❑ The average age of the heads of households visiting Missouri during FY01 was 47.4, just slightly older than during FY00 (47.2). They tended to be highly educated, with almost half (45%) holding a four-year college degree and a large fraction were professionals (40%). Half of the households had an income of \$50,000 or more and a large percentage (30%) had an income of at least \$75,000. The percentage of visitors in this high-income range has been steadily increasing since the data has been available (FY95). ❑ There were an average of 1.88 household members in travel parties to Missouri during FY01, up from 1.83 during FY00. Singles make up the largest share of the travel parties (43%), followed by couples (29%) and families (24%) ❑ Total state tax revenues (sales, income and other taxes) due to travel in Missouri during FY01 increased 1.1%, to a record \$609 million and taxable sales revenues from the 17 tourism related industries reached \$7.47 billion, down slightly from \$7.48 billion during FY00.

How Missouri
compares to
other states

Market assessment data from the Market Share Analysis for CY00 released by the University of Missouri –Tourism Research and Development Center compares Missouri regionally and nationally as follows.

National:

- ❑ **Household Trips:** Missouri captured 3.3% of all domestic household trips (any trip of 50 or more miles, or overnight) made by residents of the 48 contiguous states and the District of Columbia. This was down from 3.6% during FY00, and resulted in Missouri's national rank decreasing from 14 to 15.
- ❑ **Domestic Visitors:** Missouri's share of all domestic visitors fell from 3.6% during FY00 to 3.5% during FY01.

Regional:

- ❑ **Expenditures:** During FY01, Missouri's regional rank (Missouri and its 8 neighboring states) in terms of domestic expenditures fell to third, from second during FY00. This was because Missouri's share of all domestic expenditures in the region fell 16.7% during FY01, down from 18.3% during FY00.
- ❑ **Domestic Visitors:** Missouri captured 19.4% of all domestic visitors to the region during FY01. This was also well above the regional average (13.4%), but down from FY00 (19.9%). As with household trips, Missouri maintained its third place regional rank for visitors, behind Illinois (24.4%) and Tennessee (20.8%).
- ❑ **Household Trips:** Missouri captured 18.8% of all domestic household trips to the region (Missouri and its 8 neighboring states) during FY01. This was well above the 13.3% average for the nine states, but down from FY00 (19.6%). Missouri maintained its third place regional rank, behind Illinois (25.7%) and Tennessee (20.4%).

What Works

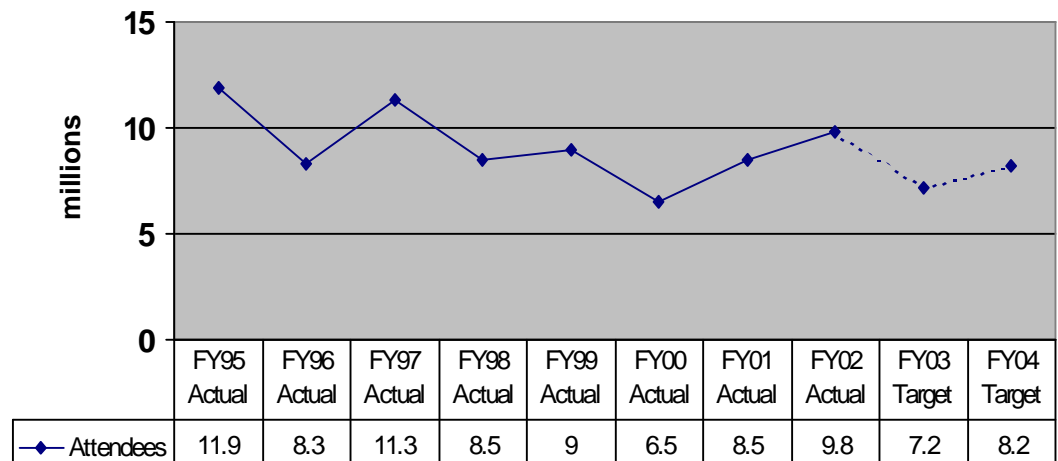
Target Marketing

Visitor target markets are determined both geographically and demographically. In the past, target market evaluation criteria included the Category Development Index (CDI), Brand Development Index (BDI), SMRI Market Potential Model, proximity to Missouri, demographic composition and media cost efficiency. However, during the first and second quarters of FY01 (September – December), the travel industry dramatically changed due to the terrorist attacks of September 11th. Research prior to this juncture became virtually ineffective in targeting markets since domestic travel trends declined significantly and shifted closer to home. International travel also plummeted with very unpredictable recovery.

The TIA Outlook Forum held in Atlanta, Georgia during October 2001 released forecasts anticipating an increase in domestic destination

	<p>competition. Travelers were predicted to stay closer to home or possibly not travel at all. It has become essential for tourism industry members (DMOs, attractions, accommodations, transportation, etc.) to address the situation by increasing advertising that encourages Americans to travel. To initiate the recovery, a national campaign led by TIA was launched promoting U.S. tourism. Missouri, like many other states experiencing budget constraints, economic downturn, safety issues and a more highly competitive marketplace, shifted resources from international markets and niche markets to primary and secondary domestic market advertising campaigns. Missouri introduced the new ad campaign, "Rediscover Your Missouri", designed for the purpose of persuading Missourians to vacation in-state and to recruit more visitors from geographic markets in close proximity to Missouri.</p> <p>The results show promise that this advertising and marketing strategy is the correct direction for the given circumstances. Advertising inquiries have increased 12.37% from May 2001 to May 2002. Total inquiries from advertising, reader service, and internet requests have increased 29.31% from May 2001 to May 2002 and travel kits shipped have increased 15.27% for the year-to-date change.</p>
Concerns	<ul style="list-style-type: none"> ❑ Shorter vacations may impact spending (less free time). Will visitors take more vacations since they are travelling closer to home? ❑ Out-of-state travelers have spent more than residents in the past. Will instate travelers spend more now? ❑ Competitive states are increasing product offerings (EX: Kansas International Speedway) and advertising. ❑ Economy impacts travel decisions.
Strategies	<p><u>Long-Term</u> Not identified at this time</p> <p><u>Short-Term</u></p> <ul style="list-style-type: none"> ❑ Increase the number of domestic person trips, length of stay, and/or per day expenditure rate of visitors

Outcome Measure #4 – Increase the number of attendees at Missouri Arts Council funded events



Description of Measure

Attendance figures are derived from figures provided by grantees for projects funded by the Missouri Arts Council and represent only a small fraction of the state's total annual arts attendance.

Why this measure is important

Attendance provides a clear-cut measure of success and a measure of community involvement. It also provides Missouri Arts Council with planning data. The availability of annual attendance figures enables Missouri Arts Council to:

- ❑ track progress on attaining the goals and objectives documented in its mission, strategic plan, and partnership agreement with the National Endowment for the Arts
- ❑ create and revise statewide programs to ensure that arts programming is available in every corner of the state
- ❑ target distressed and under-served communities and provide planning data that guides program development

Factors influencing this measure

- ❑ In November 1999, Missouri Arts Council issued revised standards for reporting audience figures. Because such changes involve educating grantees and changing reporting guidelines, a certain amount of uncertainty is to be expected in the initial years following a change.
- ❑ Missouri Arts Council's Arts Education Program is undergoing a transition in an effort to incorporate proven educational innovations that have emerged both locally and nationally in recent years.

Trend analysis

The attendance data shows striking fluctuations in attendance reports from FY95 through FY98, followed by a leveling off between FY98 and FY01. The figures for FY98 through FY01 are more stable, although trending downward, and include a noteworthy dip in FY00. The two key issues –attendance fluctuations and FY00 attendance—are discussed below

Examination of database records indicated the spikes were a result of two factors:

- ❑ Approximately 3 million attendees were over-reported for media projects (radio, TV, film, etc.) due to a lack of clarity in Missouri Arts Council's reporting system; specifically, radio stations were reporting attendance figures for locally produced programs that were re-broadcast nationally over dozens of other stations.
- ❑ Missouri Arts Council received new funding in FY97 to create the Festivals Program and for expansion of the Minority Arts Program. The increase in attendance reflects the new audiences served.

Missouri Arts Council issued standardized guidelines for calculating attendance to eliminate this issue in the future. The subsequent drop in attendance figures in FY'00 appears to reflect compliance with Missouri Arts Council's new guidelines that were effective in FY'00

How Missouri compares to other states

According to the latest figures from the National Assembly of State Arts Agencies in Washington, DC, the attendance figures for states adjacent to Missouri and a national comparison to similarly ranked states are as follows:

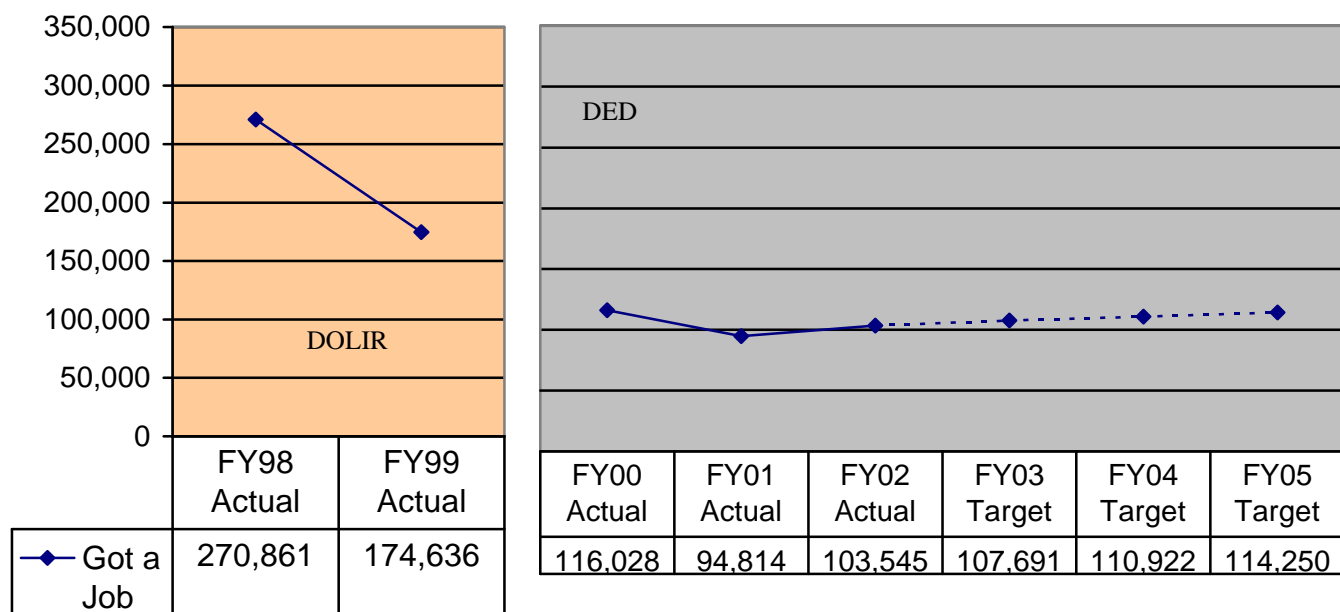
<u>Regional Comparison</u>		
Missouri	8,500,000	ranked 13th
Arkansas	3,536,279	ranked 35th
Iowa	2,640,208	ranked 44th
Kansas	4,641,595	ranked 45th

<u>National Comparison</u>		
Delaware	929,180	ranked 11th
New Jersey	11,352,890	ranked 12th
Missouri	8,500,000	ranked 13th
Illinois	n/a	ranked 18th

On a spending per capita basis, Missouri ranks 13th nationally and compares with New Jersey and Delaware.

What Works	<p>The Missouri Arts Council provides matching-fund project grants, from public and private funds, to Missouri nonprofit arts and cultural organizations through more than a dozen grantmaking programs designed to reach communities of all sizes in every corner of the state. With rare exceptions, organizations may only receive one Missouri Arts Council grant per year. A project grant can be a single performance or activity, like a concert or weekend festival, or it can be a concert series or exhibition, which normally encompass many days or weeks.</p> <p>Advertising is widely regarded as a key factor in audience development. However, most nonprofit arts organizations are under-staffed and under-capitalized. From a business perspective this results in organizations that struggle to meet basic operational demands and lack the advertising budget and expertise to create effective connections between their products and the public. Many arts organizations feel trapped at that level.</p>
Concerns	<ul style="list-style-type: none"> ❑ In FY01, Missouri Arts Council funded 96 new organizations. However, the combination of a growing number of applicants and a flat budget has resulted in decreased grant amounts across the board. As a result, many organizations—especially small and rural groups—must downsize their projects, which results in smaller audiences. ❑ The Missouri Arts Council office still relies on manual data-entry of grant application information. This increasingly represents an administrative bottleneck as the number of grants has increased 45% from 375 in FY95 to 545 in FY01. ❑ Economic slowdown. Given the national outpouring of assistance following the September 11th attacks and the general downturn in the economy, donor fatigue will likely be a significant problem among the nonprofit sector in the upcoming years. ❑ The federal government updates reporting standards every few years. Missouri Arts Council must implement these changes in order to access federal matching dollars.
Strategies	<p><u>Long-Term</u> Not identified at this time.</p> <p><u>Short-Term</u> Increase the number of new arts organizations that receive organizational development support from the Missouri Arts Council.</p>

Outcome Measure #5 -- Increase the number of people who get a job (enter employment)



Note: FY98 and FY99 performance calculated by DOLIR using the previous definition of “substantial services” which captures more “minimal services” resulting in the appearance of higher numbers. DED’s calculations include the FY00 federal definition changes that require “substantial staff intervention.”

Description of Measure

Why this measure is important

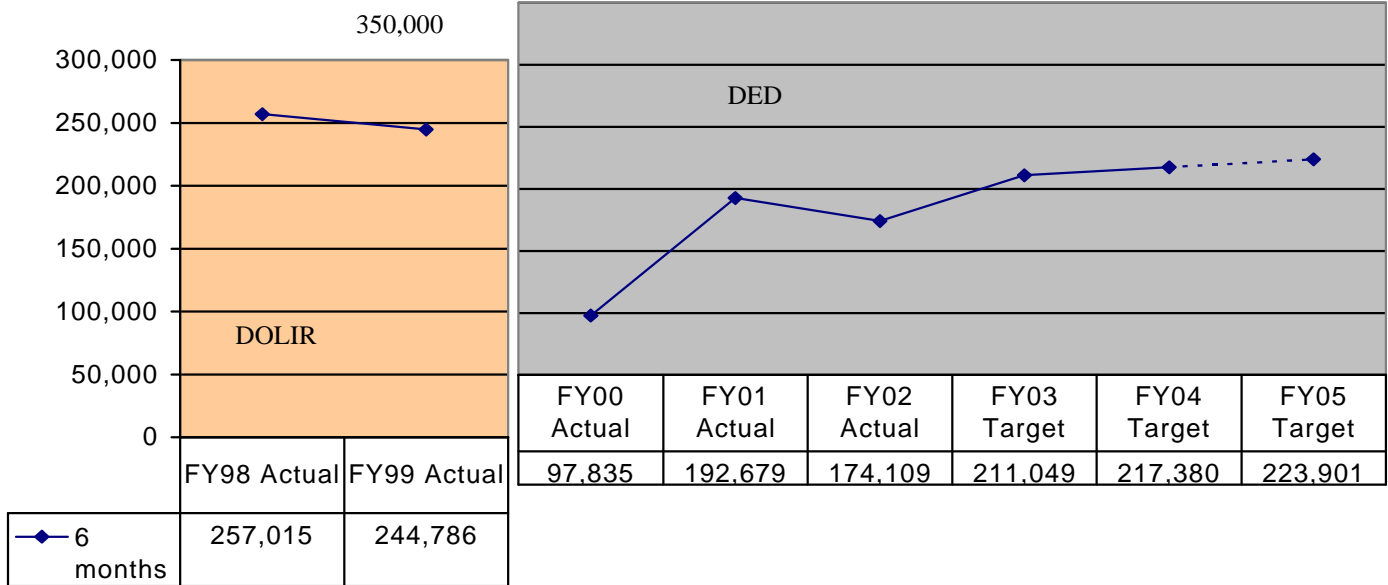
We must continue to bring unemployed people into the workforce. Whether it is the recently unemployed, long term unemployed or those who have never become attached to the workforce, unemployed citizens have distinct needs and strategies.

Factors influencing this measure

Certainly the unemployment rate has an influence over the numbers of unemployed who naturally migrate to Workforce Career Centers for service. Also, a part of the Welfare Reform efforts will identify numbers of former Temporary Assistance to Needy Families’ clients who will no longer be eligible for those benefits and will need assistance to enter the workforce. The first group of TANF recipients reached their five-year limit in July 2002. With the downturn in the economy there will be more unemployed. The events of September 11, 2001, are contributors to influencing the economic downturn.

Trend analysis	<p>The methodology for calculating this measure was changed in FY00 to bring it into alignment with comparable federal measures. Targets were revised based on this new methodology, as well. Future comparisons to this baseline year and comparisons to the federal earnings increase measures will allow the Division of Workforce Development to assess the level of improvement in these outcomes. Presently, quarterly increments of this outcome are being analyzed for seasonal trends.</p>
How Missouri compares to other states	<p>There are no national standards available for all funding sources included in this measure.</p>
What Works	<p>We will continue to work with partners and increase interaction to strengthen partnerships. We need to increase the quality and quantity of referrals with job seekers, as well as increase job orders received from employers.</p>
Concerns	<p>Many customers possess limited skill sets to compete in the labor market.</p>
Strategies	<p><u>Long-Term</u></p> <ul style="list-style-type: none"> ❑ Reform the delivery system for workforce services to one that is more customer focused and outcome oriented. ❑ Further consolidate training and workforce plans into a statewide skills partnership <p><u>Short-Term</u></p> <ul style="list-style-type: none"> ❑ Increase the quality of services provided to Missouri businesses ❑ Increase career placements of Unemployment Insurance, Temporary Assistance to Needy Families and Veteran customers.

Outcome Measure #6 -- Increase the number of people employed after 6 months and 12 months

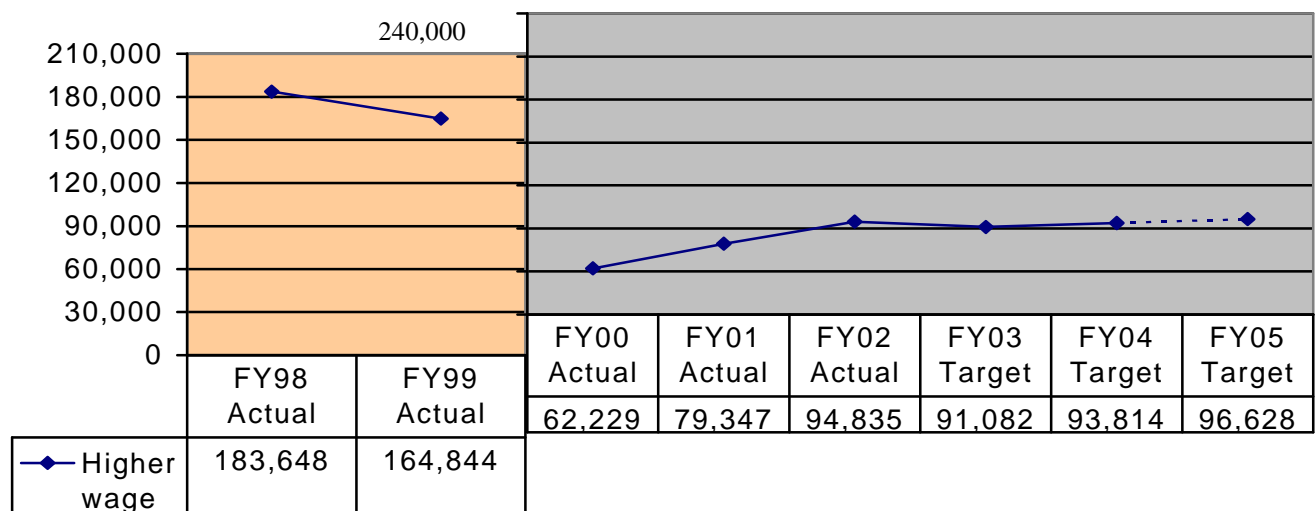


Note: FY98 and FY99 performance calculated by DOLIR using the previous definition of "substantial services" which captures more "minimal services" resulting in the appearance of higher numbers. DED's calculations include the FY00 federal definition changes that require "substantial staff intervention."

Description of Measure	
Why this measure is important	This measure is an indicator of job retention. It also provides the Division an indicator of how well we match job seekers to the appropriate jobs. This measure allows the Division to determine customers' attachment to the labor force. Six months is a reasonable amount of time for job retention. Job retention measures are consistent with State and Federal measures.
Factors influencing this measure	The reduction of FY02 new quality jobs, compared to FY01, is a function of the national economic slowdown. Missouri has lagged behind the national economic slowdown for approximately one year.
Trend analysis	At this point a valid trend cannot be devised, since the methodology for calculating this measure was changed in FY00 to bring it into alignment with comparable federal measures. Targets were revised based on this new methodology, as well. Future comparisons to this baseline year and comparisons to the federal earnings increase measures will allow the Di-

	vision of Workforce Development to assess the level of improvement in these outcomes. Presently, quarterly increments of this outcome are being analyzed for seasonal trends.
How Missouri compares to other states	There are no national standards available for funding sources included in this measure.
What Works	Using Work Keys as a tool to assess customer skills and match those skills with the appropriate employer needs.
Concerns	The slowdown experienced in Missouri's economy along with State and Federal budget cuts may continue to slow economic recovery.
Strategies	See strategies for "Increase the number/rate of people who get a job (enter employment)"

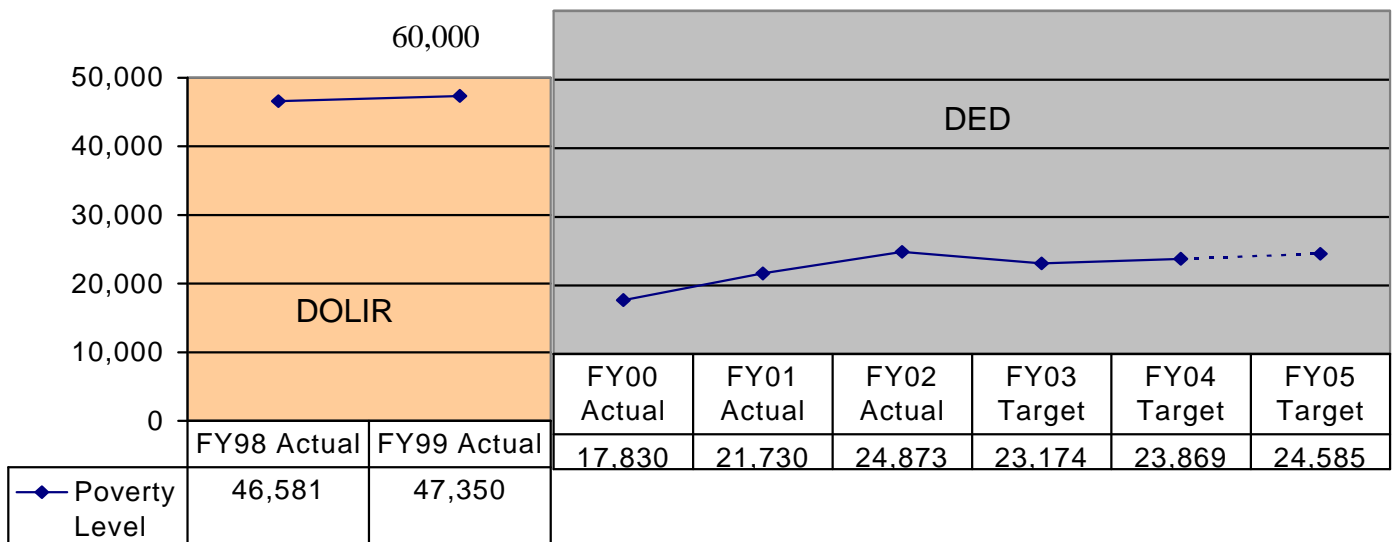
Outcome Measure #7 -- Increase the number of people who get a job with increased earnings



Note: FY98 and FY99 performance calculated by DOLIR using the previous definition of "substantial services" which captures more "minimal services" resulting in the appearance of higher numbers. DED's calculations include the FY00 federal definition changes that require "substantial staff intervention."

Description of Measure	
Why this measure is important	One key to workforce development as an economic development tool is to continue to "grow the economy" by increasing the earnings of its citizens. Tracking this measure allows us to focus on strategies to accomplish this goal.
Factors influencing this measure	While the economy can have a natural influence on this measure, strategies to target better jobs are also a positive influence.
Trend analysis	At this point a trend cannot be devised, since the methodology for calculating this measure was changed in FY00 to bring it into alignment with comparable federal measures. Targets were revised based on this new methodology as well. Future comparisons to this baseline year and comparisons to the federal earnings increase measures will allow the Division of Workforce Development to assess the level of improvement in these outcomes. Presently, quarterly increments of this outcome are being analyzed for seasonal trends.
How Missouri compares to other states	There are no national standards available for funding sources included in this measure.
What Works	Continuing to target jobs with growth potential and career ladder potential seems to be an effective way to influence this measure.
Concerns	None identified at this time.
Strategies	See strategies for "Increase the number/rate of people who get a job (enter employment)."

Outcome Measure #8 -- Increase the number of people who move from below the poverty line to above the poverty line

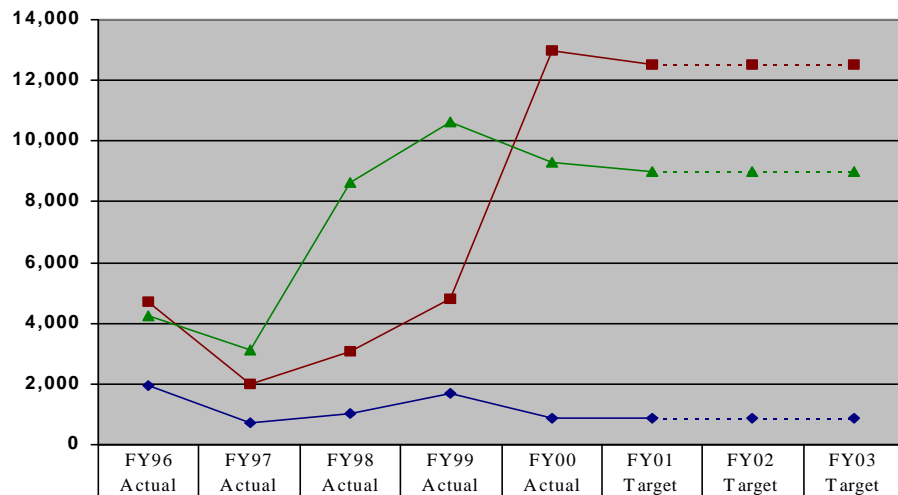


Note: FY98 and FY99 performance calculated by DOLIR using the previous definition of "substantial services" which captures more "minimal services" resulting in the appearance of higher numbers. DED's calculations include the FY00 federal definition changes that require "substantial staff intervention."

Description of Measure	
Why this measure is important	One of the goals is to move people to a level of "self-sufficiency". In order to determine our ability to impact "self-sufficiency", the measure used is "people moving out of poverty."
Factors influencing this measure	This measure follows the "higher earnings" measure. Reaching and assisting more individuals who have earnings below the poverty line, for a family of one, can also be a strategy to increase performance.
Trend analysis	<p>At this point a valid trend cannot be devised, since the methodology for calculating this measure was changed in FY00 to bring it into alignment with comparable federal measures. Targets were revised based on this new methodology as well. Future comparisons to this baseline year and comparisons to the federal earnings increase measures will allow the Division of Workforce Development to assess the level of improvement in these outcomes. Presently, quarterly increments of this outcome are being analyzed for seasonal trends.</p> <p>The Division of Workforce Development has no direct experience with</p>

	<p>the impact of a weakening economy on performance reported through this measure. Since 1996, when data was first collected the national and state economies have remained fairly robust and strong. This lack of experience of the impact of a weakened economy on performance means any performance projection is strictly theoretical and based on assumptions about how economic conditions might impact performance. Projecting performance is further complicated by the events of September 11 that have affected the American economy in ways that are not completely predictable. Finally, the expiration of many Missourian's Temporary Assistance to Needy Families' benefits in June 2002 will further increase the number of people seeking workforce assistance. Research has shown that a large number of people leaving welfare tend to remain in low wage jobs.</p> <p>Projections of future performance in a weakened economy are based on the following assumptions:</p> <ul style="list-style-type: none"> ❑ There will be an increase in the number of people seeking workforce assistance and a decrease in the number of job opportunities. ❑ This increase in people looking for work and decrease in job opportunities will decrease the upward pressure on wages resulting in, at best, static wages and perhaps lowered wages. ❑ The length of time required to assist an individual in gaining employment will increase, causing an initial decrease in the number of people who gain employment. Individuals will accept jobs with lower wages, impacting the number of people who move above the poverty line. Any increase in inflation will have an additional impact. <p>Based on these assumptions, it is anticipated that performance will remain static or decrease slightly during the early stage of a weakening economy. After the early stage, performance is expected to decrease. When the Missouri economy begins to recover, performance is expected to show a marked increase.</p>
How Missouri compares to other states	There are no national standards available for funding sources included in this measure.
What Works	Workforce Investment Areas that work in a more integrated fashion and have greater contact with low-income customers will have better access to customers with the potential to succeed in raising earning levels above the poverty threshold.
Concerns	A more in-depth analysis of these outcome measures is warranted. We will proceed with a closer examination of the potential for developing and tracking customers' attainment of self-sufficiency standards. Additional information about the effects of the changing economy is needed and we will acquire that through research.

Outcome Measure #9 - Increase the number of low income and homeless Missourians whose housing needs are met



◆ Number of low income persons moving into adequate housing	1,959	699	1,044	1,711	881	850	850	850
■ Number of homeless persons placed in temporary/transitional housing	4,716	2,014	3,070	4,820	12,962	12,500	12,500	12,500
▲ Number of low income persons retaining housing through temporary (emergency) assistance	4,257	3,141	8,652	10,623	9,286	9,000	9,000	9,000

Description of Measure

Why this measure is important

The Missouri Housing Trust Fund assists very low-income persons in many different ways with their housing needs. The most objective measure we have to gauge the overall success of the Missouri Housing Trust Fund is by tracking the number of persons assisted with their housing needs.

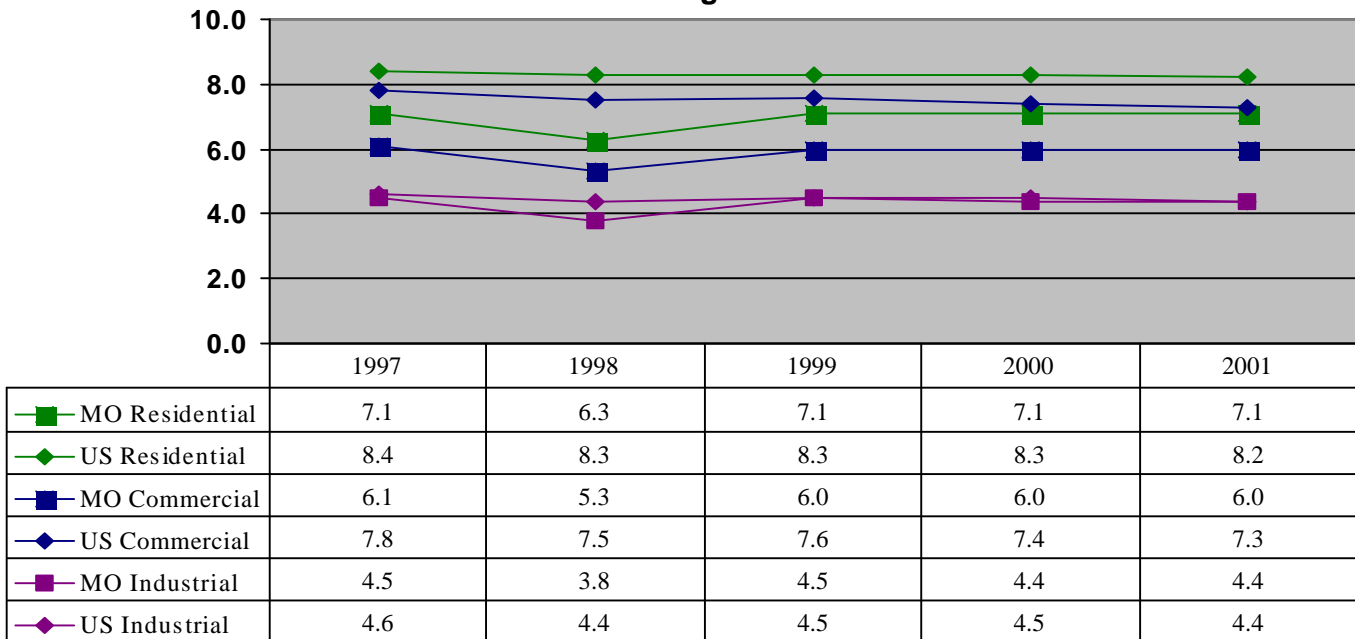
Factors influencing this measure

The amount of funds deposited into the Missouri Housing Trust Fund will fluctuate and this directly impacts the number of persons assisted with their housing needs. Another important factor is the amount of other funds (public and private) that are leveraged with trust fund dollars. Lastly, the type of activity funded with the Housing Trust Fund greatly affects the number of persons assisted because some types of assistance are much more expensive than others. Permanent housing is the most effective type of housing assistance. However, it is also the most expensive type of housing assistance and consequently houses the fewest number of people. Homeless shelters are a very cost-effective way to

	<p>temporarily house large numbers of persons but obviously this does not solve the homelessness problem. Emergency housing assistance provides temporary assistance to help keep families in their homes and is the most effective method to prevent homelessness. There will continue to be fluctuations in the number of persons assisted with their housing needs depending upon the type of assistance requested and provided.</p>
Trend analysis	<p>Because the trust fund is funded by a \$3 recording fee on mortgage documents, the amount of funds deposited into the fund will fluctuate according to the overall strength of the housing market. The Missouri Housing Development Corporation will receive approximately \$5.2 million in FY03 for the trust fund. Previously, the Missouri Housing Development Corporation had received approximately \$3.9 million in FY02.</p>
How Missouri compares to other states	<p>While some other states also administer housing trust funds, they have different eligible activities with very different outcomes making any comparison very impractical.</p>
What Works	<p>The Missouri Housing Development Corporation will continue to use a holistic approach to alleviating homelessness by preventing homelessness with emergency housing assistance; developing new or rehabilitated permanent housing; providing transitional housing to help persons move from homelessness to permanent housing; and continuing to provide support for homeless shelters and domestic violence shelters.</p>
Concerns	<ul style="list-style-type: none"> ❑ The Missouri Housing Trust Fund loans and grants are based on applications received and the outcomes for each activity will reflect the types of applications received. ❑ The type of assistance provided determines the number of people assisted. Homeless shelters can assist large numbers of people for short periods of time with limited funds. Permanent housing costs a great deal to produce and assists a small number of people but for much longer periods of time.
Strategies	<p><u>Long-Term</u></p> <ul style="list-style-type: none"> ❑ Not identified at this time. <p><u>Short-Term</u></p> <ul style="list-style-type: none"> ❑ Not identified at this time.

Outcome Measure #10 - Increased access to utility services

Average Missouri Electric Rates in Cents per Kilowatt Hour compared to National Average



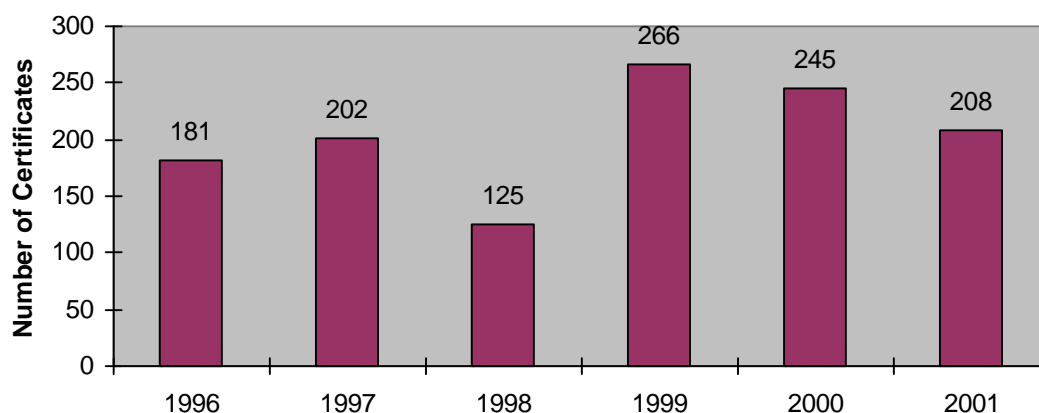
Description of Measure

The above graph represents data from the United States Energy Administration, a non-partisan office in the federal Department of Energy, which ranks states according to their average rates in cents per kilowatt-hour.

Why this measure is important

Utility services and infrastructure are essential to the economy of Missouri. Virtually every Missouri citizen receives some form of utility service from an investor owned public utility company. The Missouri Public Service Commission has the statutory responsibility for ensuring Missouri consumers receive safe and reliable utility services at just, reasonable and affordable rates that will provide the utility companies' shareholders with the opportunity to earn a reasonable return on their investment. The PSC regulates the rates, finances, safety and quality of service of over 1,000 investor-owned electric, gas, telephone, water and sewer utilities. In addition, the PSC regulates the state's 48 rural electric cooperatives and 42 municipally-owned natural gas utilities for operational safety. The PSC also regulates the manufacturers and dealers of manufactured homes and modular units.

Telecommunications Certificates Granted by the Public Service Commission



Technology and open markets in the telecommunications industry continue to provide greater opportunities for consumers to choose the type of telecommunications services that best meet their individual needs. Most competition is located primarily in Missouri's major metropolitan areas, although some competition does occur in more rural areas as well.

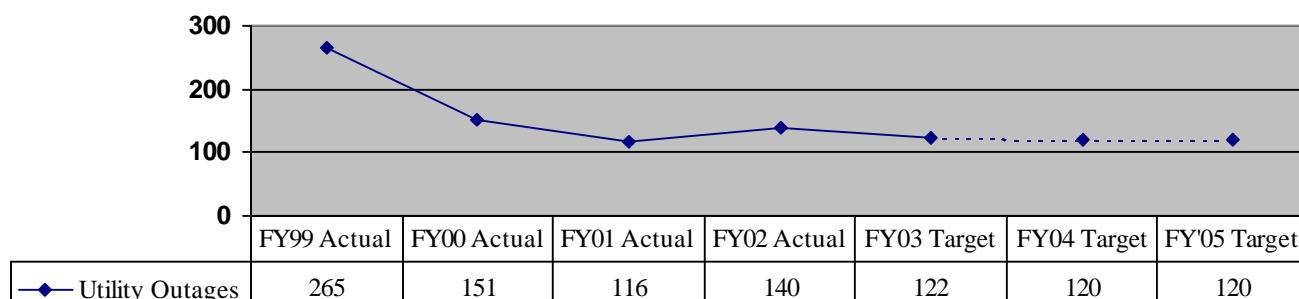
Factors influencing
this measure

A number of factors influence this measure. A significant amount of Missouri's electric base load is generated by low cost production facilities including coal and nuclear power plants. Missouri's regulation of electric companies includes bi-annual resource planning meetings that focus upon least-cost electricity production. Commission staff have also pursued rate reductions when audit evidence and analysis concluded the reductions were appropriate.

Other factors

Not identified at this time.

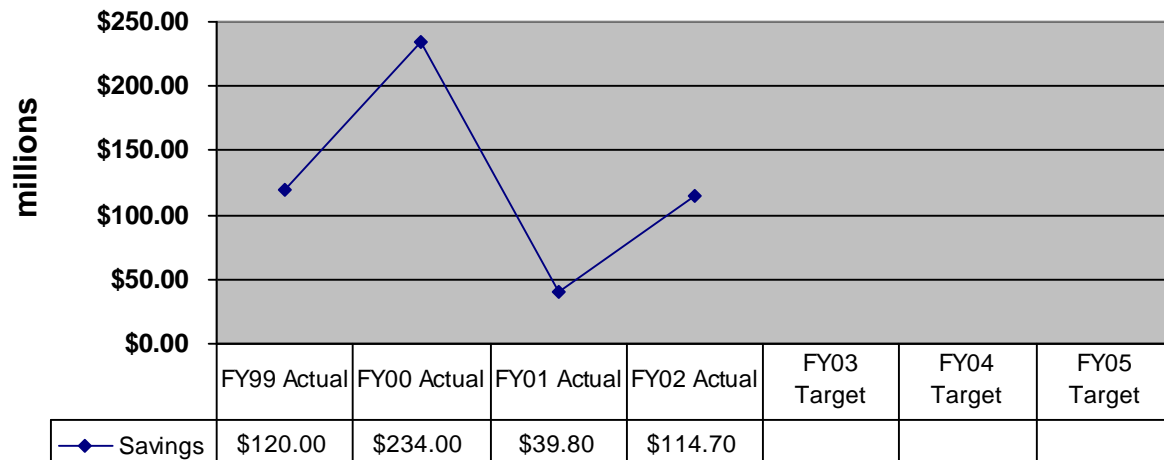
Reduce Utility Outages



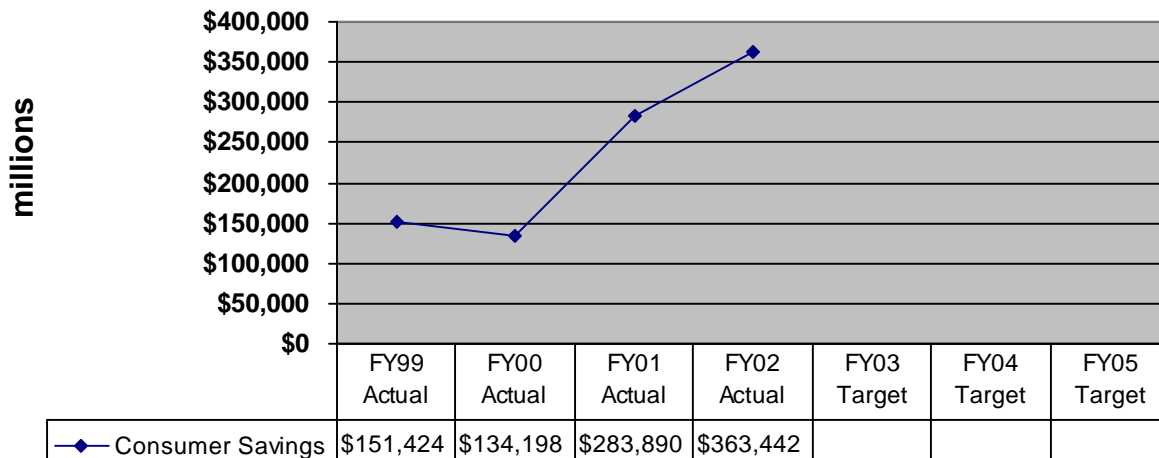
Trend analysis	<p>Technical staff at the PSC monitor the quality of utility service through inspections, testing and audits. The numbers of utility outages are historically consistent, and anomalies that occur can be attributed to weather. For example, spring and fall are typically times of increased excavation and rainy weather, and the increased digging often results in cut or damaged utility lines. However, it is anticipated that a reduction in outages related to digging will occur in the future. The 91st General Assembly passed House Substitute for House Committee Substitute for House Bill No. 425. This legislation established a one-call system in the state. All owners of underground facilities in Missouri are required to be members of the Missouri One-Call Systems (MOCS) by January 1, 2003. With one call, a person planning to make an excavation can have all the underground facility owners in the area notified and can be made aware of the facilities locations.</p>
How Missouri compares to other states	Not identified at this time
What Works	Missouri One-Call Systems (see above)
Concerns	Not identified at this time.
Strategies	<p><u>Long-Term</u></p> <ul style="list-style-type: none"> ❑ Through impartial review of rate cases and through preparation of testimony and other relevant materials, maintain average annual utility cost to consumers (annual comparison to national averages.) ❑ Maintain quality (safe) utilities by monitoring outages and performing safety inspections. ❑ Through timely granting of certificates of operation, increase availability of utilities to consumers (increase the number of customers and annual number of access lines.) <p><u>Short-Term</u> Not identified at this time.</p>

Outcome Measure #11 - Increase utility savings to Missouri consumers

Utility savings to Missouri Consumers through Public Service Commission Rate and Financing Cases



Utility savings to Missouri Consumers through Consumer Services Department

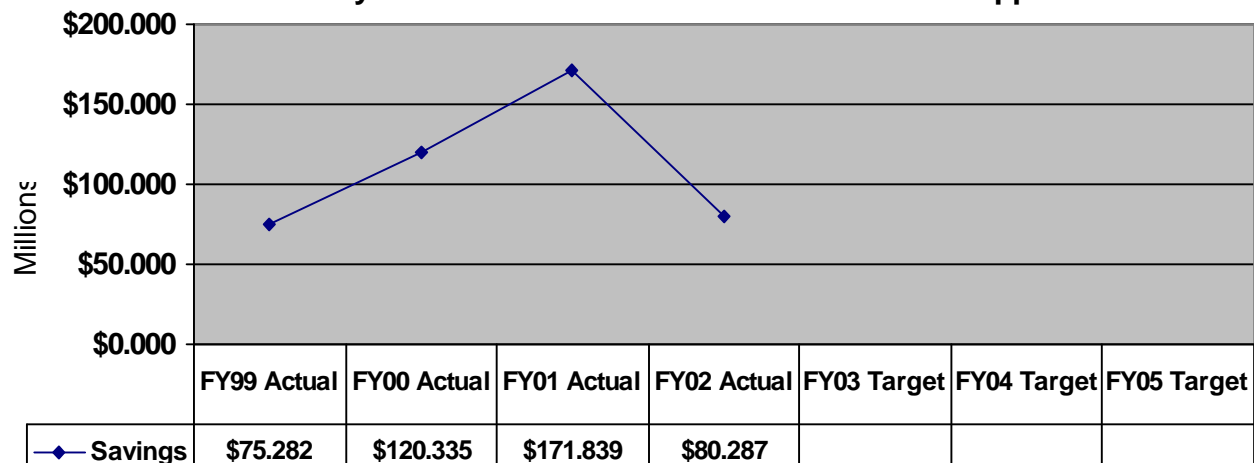


Description of measure (Savings from rate/financing cases and Consumer Services Department efforts)

The Missouri Public Service Commission calculates and reports the difference between company requested consumer rate levels in complaint, financing, merger and rate cases, compared to rate levels ordered by the Missouri Public Service Commission. Dollar savings are also recorded and reported as a result of Missouri Public Service Commission's intervention during disputes between utility consumers and utility companies. These savings represent funds that are available to be spent and invested in the State to support and fuel additional growth in Missouri's economy.

	The Missouri Public Service Commission savings are reported for the quarter during which Commission orders are issued or consumer cases are closed.
Why this measure is important	This measure recognizes the balancing efforts as required by the statutory responsibilities of the Commission to ensure customers receive safely delivered utility services at just and reasonable rates.
Factors influencing this measure	Savings to Missouri consumers is directly correlated to the number of utility cases filed before the Missouri Public Service Commission and the number of consumer complaints received.
Other factors	It is difficult to project the savings that may be generated during a particular fiscal year because all savings are dependent upon filings/submissions and complaints made to the Commission.
How Missouri compares to other states	No comparison data is available on savings.
What Works	
Strategies	<u>Long-Term</u> None at this time <u>Short-Term</u>

**Utility Savings to Missouri Consumers - Office of Public Counsel
Advocacy in Public Service Commission Cases and Appeals**



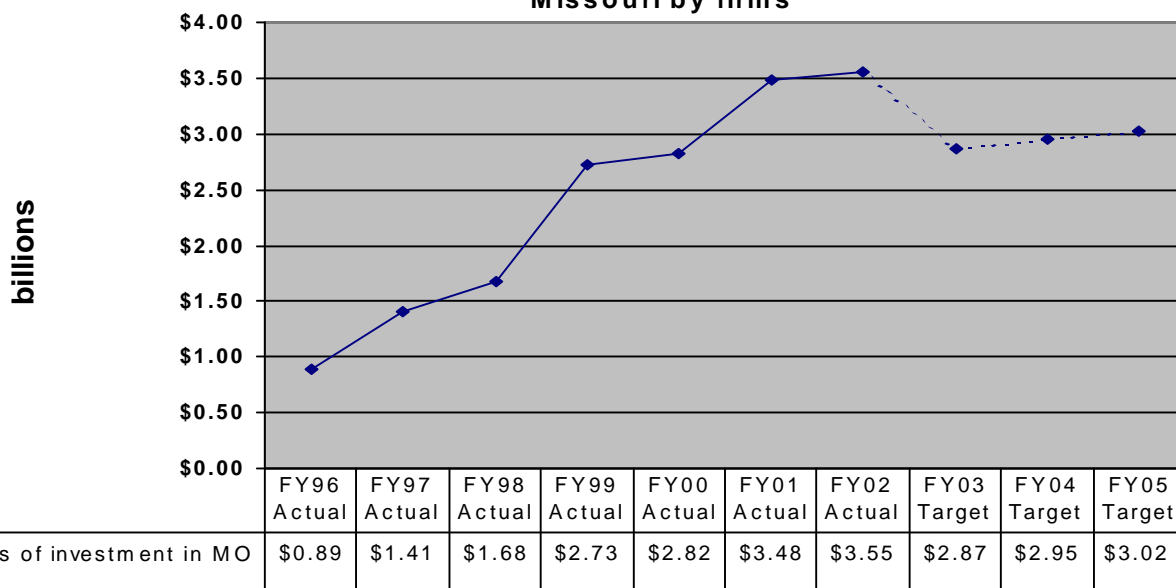
Description of Measure	<p>This measure includes the quantifiable value of issues successfully advocated by the Office of Public Counsel before the Public Service Commission and before the courts. The Office of Public Counsel uses a standard method to conduct analysis of its efforts in each case to isolate its impact from the advocacy of the Public Service Commission staff and other parties. The savings shown include successful advocacy in rate cases, merger cases, complaint cases and other cases initiated by the Office of Public Counsel. In appropriate cases, the values shown are calculated based upon the net present value of future savings from the effective date of a decision. This measure does not illustrate the value of several consumer protections and benefits secured for consumers which are non-quantifiable.</p>
Why this measure is important	<p>This measure quantifies the amount of dollars Missouri consumers save as a result of the direct intervention of the Public Service Commission's regulation and its staff recommendations. These savings represent real savings for residential and small business ratepayers in Missouri.</p>
Factors influencing this measure	<p>The frequency and the amount of utility rate increase requests as well as the decisions made by the Public Service Commission.</p>
Trend analysis	<p>In fiscal year 2003, the Office of the Public Counsel expects the opportunity for savings to increase somewhat due to several large rate cases currently pending before the Public Service Commission.</p>
How Missouri compares to other states	<p>No comparison data is available on savings.</p>
What Works	<p>Allocating the resources of the Office of Public Counsel based upon the amount of potential savings maximizes the effectiveness of the office's advocacy.</p>
Concerns	<p>It is difficult to project the savings that may be generated during a particular fiscal year because all savings are dependent upon filings/submissions made to the Commission. It is also difficult to predict decisions of the Public Service Commission and the courts.</p>
Strategies	<p><u>Long-Term</u> Not identified at this time</p> <p><u>Short-Term</u></p> <ul style="list-style-type: none"> □ Increase the number of consumer protection issues brought to the attention of the Public Service Commission by the Office of Public

Counsel.

- Increase the percentage of Missourians aware of the Office of Public Counsel's services.

Success Predictor - Thriving businesses

Outcome Measure #1 -- Increase number of dollars of investment in Missouri by firms



Description of Measure

Why this measure is important

There are two aspects of investment that are important to Missouri. The first is the actual cash that is invested either by the owners or shareholders of the business or by an outside source in which stock or equity of the company is given in return for the investment. The outside source could be a bank, friends and family, an Angel investor or Venture Capital firm. The second is the investment the company makes in itself and Missouri by expanding, purchasing equipment, hiring staff, or conducting research to further develop a product. In either case it is an investment in the future success of the business.

The investment measure is also important because it helps determine if Missouri has adequate funds to support the growth of businesses in the state and if there are other programs Missouri could adopt to strengthen its overall investment. For example, Missouri has many sources of late stage capital, funds that can be invested in companies that have been in business for several years and have a proven track record of being able to sell their product.

Factors influencing this measure

One factor that greatly influences this measure includes the accuracy and reliability of the information reported on venture capital investment in the state. To date, there is no better way to track venture capital investing than the Price Waterhouse Coopers System. However, they must rely on the venture capital firms completing a survey and submitting it in a timely manner.

Also influencing the investment measure is the economic and psychological climate for venture capital investing. The venture capital industry has seen a shift in focus over the past eighteen months beginning with the dotcom crash. They are now working much more closely with existing portfolio companies, leaving less time to make investments in new companies. As the IPO market was very limited over the past year, the venture capitalists worked with their existing companies to build strong company relationships and management teams.

Trend analysis

The number of dollars of new investment into Missouri businesses showed an upward trend from FY97 through FY00. However, in FY01 the investment activity began to decline due in part to the dotcom crash, the slowing of the economy, and a reduction in the available incentives to assist businesses to expand or locate in Missouri.

Missouri Venture Capital Investments

Source: MoneyTree™

Year	Investment Amount
1997	\$124.3 million
1998	\$130.5 million
1999	\$283.7 million
2000	\$481 million
2001	\$339 million

- ❑ CAPCO investments also slowed in 2001 as the majority of investments were made in their portfolio companies instead of looking for new opportunities.
- ❑ Investments from the Prolog Ventures Seed Fund

CAPCO Investments		Prolog Ventures Seed Fund Investment	
Year	Investment Amount	Year	Investment Amount
1997	\$9,566,752	2001	\$1,751,557
1998	\$14,655,450	2002	\$ 416,999
1999	\$16,774,975	TOTAL	\$2,168,556
2000	\$21,665,162		
2001	\$11,657,423		
TOTAL	\$74,319,762		

How Missouri compares to other states

Venture Capital investments in the state are formally tracked by Price-WaterhouseCoopers and Venture Economics' *Money Tree Report™*.

- According to the 1997 *MoneyTree™*, Missouri's venture capital investments grew at the sixth highest rate in the United States in 1997.
- Again, according to *MoneyTree™*, in 1999, Missouri set a record with \$283.7 million invested in 20 companies. Also, Missouri ranked 20th in the nation for disbursements of venture capital and second to Illinois in the seven-state Midwest region according to Venture Economics Information Services (VEIS). Almost 82% of these investments were made by outside venture funds.
- According to the 2000 *MoneyTree™*, venture capitalists invested approximately \$481 million in 30 Missouri deals during 2000. This figure eclipses the previous record for Missouri set in 1999.
- In 2001 the *MoneyTree™* reported that Missouri had investments totaling \$339 million in 22 deals. For the second year in a row Missouri was third in the Midwest region behind Illinois and Pennsylvania. However, the Midwest region as a whole has ranked consistently in the middle for overall investment dollars, with Silicon Valley, New England and the New York Metro area ranked as the top 3 respectively.

Midwest Region Comparison Source: MoneyTree™ 2001

State	Amount Invested	# of Deals
Pennsylvania	\$820,817,600	136
Illinois	\$812,302,000	114
<i>Missouri</i>	<i>\$339,147,300</i>	22
Ohio	\$237,199,500	44
Michigan	\$147,347,100	28
Indiana	\$ 52,708,800	7
Kentucky	\$ 27,355,100	6

What Works

Focus on Targeted Industries

The targeted industries in Missouri consist of Life Sciences, Advanced Manufacturing, and Information Technology.

There are 1,250 total firms in Missouri that fall under the Life Sciences industry. These create 170,000 direct jobs with an average salary of \$38,000. Life Sciences contributes \$23 billion to the economy of Missouri, roughly 13.5% of the total state economy.

Missouri has 1,348 total firms in Advanced Manufacturing. The average salary for these 121,520 jobs is \$52,430. This contribution of

\$29.8 billion to the economy accounts for 18.5% of Missouri's total economy.

There are 3,471 Information Technology firms in Missouri. The average Information Technology job pays \$53,563. Information Technology adds 74,558 jobs directly, and contributes \$14.4 billion to the economy. This makes up 8.9% of Missouri's total economy.

Missouri Customized Training Program

The Missouri Customized Training Program provides assistance to Missouri employers for the training and retraining of new and existing employees. DED, through the Division of Workforce Development, operates the program in cooperation with the Department of Elementary and Secondary Education. Missouri employers may apply for On-the-Job Training, Classroom Training or a combination of the two.

In FY01, there were 497 requests by companies for training assistance through the Missouri Customized Training Program. The year before, there were 524 requests made by companies.

In addition to the need for ISO 9000 certification, the most common type (s) of training requested by companies falls into two categories, soft training and technical skills. Many companies need their workers trained in "soft skill" areas such as team building, communication skills and problem solving. The most popular area in technical training is machine maintenance.

Concerns

- ❑ International opportunities for investment in service industries (e.g., life sciences, research, environmental) are growing. These exports are not tracked on a national level and need to be included in Missouri's overall export sales. Emphasis on developing opportunities in these industries on a global scale is a priority.

Strategies

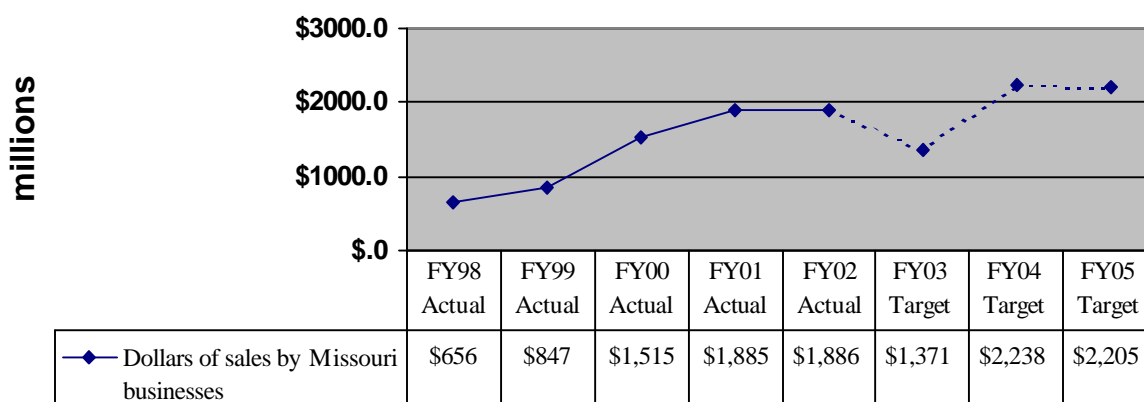
Long-Term

- ❑ Create an environment which will allow start-up businesses access to capital, qualified people and state of the art technology which will lead to Missouri becoming a recognized national leader in entrepreneurial development.
- ❑ Develop technology based economic development.
- ❑ Refocus incentives and marketing resources on industry clusters important to Missouri's economic prosperity – Life Sciences, Information Technology, Advanced Manufacturing

Short-Term

- ❑ Increase venture capital brought into Missouri.
- ❑ Develop a regional approach to economic development.

Outcome Measure #2 -- Increase the number of dollars sales by Missouri businesses

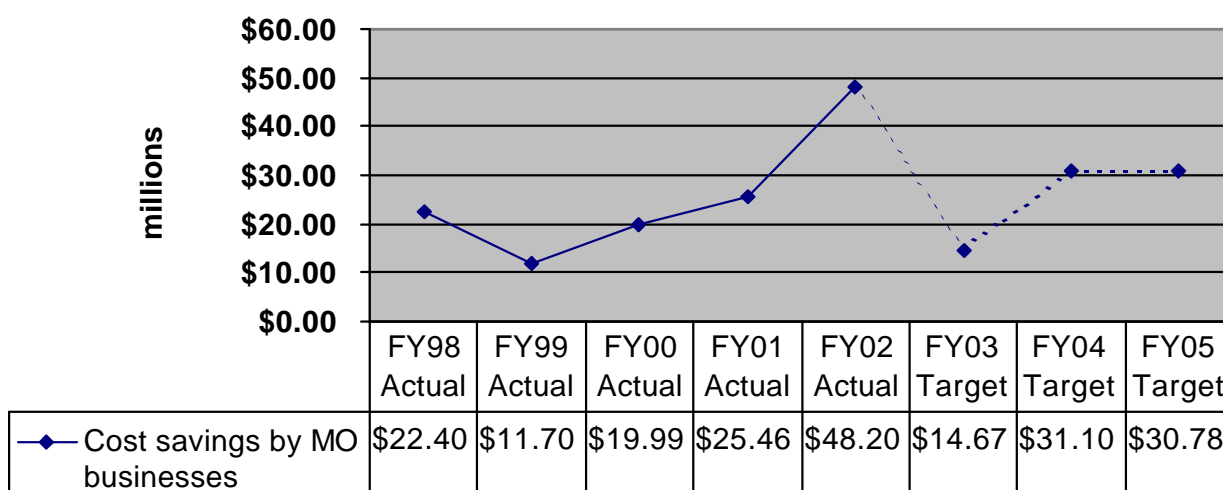


Description of Measure	
Why this measure is important	Sales are a measure of the impact/value of assistance provided to companies. An increase in sales is expected to positively affect a company's profits.
Factors influencing this measure	The economic downturn is expected to have an impact on sales reported by client companies. In addition, the loss of staff because of a reduced appropriation will result in a reduced number of client companies that will be served.
Trend analysis	<ul style="list-style-type: none"> ❑ The number of dollars of sales increases experienced by firms has shown an upward trend from FY98 through FY02. ❑ The Office of International Marketing reported \$1.8 billion in new sales was generated during FY01 and by the end of the 3rd Quarter FY02 had reported an additional \$2 billion in client export sales. These sales comprise a significant number of service industry sales that are not recorded on the national level. ❑ Studies indicate that companies that enjoy export sales, or that are active in the global economy, pay higher wages, produce more competitive products, and retain and grow their businesses at a higher rate than non-international companies. ❑ Recent surveys indicate a minimum of 2,200 Missouri companies export. This represents a significant increase in the number of Missouri firms actively engaged in the global market. However, the majority of these firms export to traditional export markets (Canada and Mexico), and this presents significant opportunities for increased export growth.

	<ul style="list-style-type: none"> ❑ Export sales are currently strong, but have been influenced by several very large one-time export sales. Overall exports and “new” export sales have been affected by the strength of the dollar, which has made the sales of U.S. products less competitive. Further, due to globalization, direct exporting is not necessarily the optimum international strategy for many companies. Licensing, strategic alliances and joint ventures are more appropriate. As the world becomes increasingly interdependent, traditional methods of market entry (exports) are evolving into more complex business structures. ❑ Significant market opportunities are developing in China. Efforts must be undertaken to develop some form of representation in this market as soon as possible. Currently we are developing China from domestic sources of assistance. Significant sales increases can be realized through a proactive approach to market development in China. ❑ International sales by the service sector (e.g., life sciences, research, and environment) are growing rapidly and efforts are being made to enhance this trend. ❑ Small businesses assisted through the Missouri Business Center and Office of Minority Business report that 47% actually begin business operations compared to 33% nationally. ❑ Small business clients continue to hold steady at approximately 8,000 one-to-one contacts and about 45,000 electronic (e-mail and web) contacts annually. ❑ The “1997 Survey of Minority-Owned Business Enterprises” released by the Bureau of the Census shows that nationally the number of African American-owned firms increased by 25.7% from 1992 to 1997 and the number of Hispanic-owned firms increased by 30% compared with an increase of 6.8% for all firms. State level data has not yet been released.
How Missouri compares to other states	Missouri Business Center client surveys find that about 42% of MBC clients actually begin business operations. Nationally the figure is 33%.
What Works	<p>The Office of International Marketing has developed a targeted holistic approach to trade development, inclusive of education, relationship building, promotion and increased export sales success. This approach has resulted in a substantial increase in the number of firms seeking international assistance from the Office of International Marketing. Two strong international efforts are Africa and China. In FY00, the Africa office created new sales of over \$30 million, most by small, entrepreneurial firms. Sales should increase to over \$100 million in FY02. Current activities in China have resulted in new sales of over \$75 million.</p> <p>The Missouri Business Center (formerly the Missouri Business Assistance Center) and the Office of Minority Business have combined operations into the Center for Entrepreneurship to provide a seamless array of</p>

	<p>services to clients. In addition, these programs are working closely with the Department of Agriculture's Ag Innovation Center and the University Outreach and Extension/SBDCs via the Missouri Business Development Network (MoBDN) to create a statewide service delivery system for small businesses and entrepreneurs.</p> <p>At the end of FY02 the Business Development Group created the Center for Entrepreneurship to help focus programs and initiatives toward assistance to and development of entrepreneurial companies in Missouri. The Center will focus efforts on creation of new networks, support systems and assistance programs to increase the number of "entrepreneurial growth companies" in the state and increase Missouri's small business survival rate.</p>
Concerns	<ul style="list-style-type: none"> ❑ The leveling of the economy may have an impact on the volume of sales experienced by Missouri companies. ❑ Working with small businesses to increase their sales requires substantial staff time and resource commitment to identify market opportunities, match products with buyers, attend trade shows, assist with market plan development and market penetration efforts. ❑ The FY03 budget cuts may reduce the number of clients that can be assisted.
Strategies	<p><u>Long-Term</u></p> <ul style="list-style-type: none"> ❑ Create an environment which will allow start-up businesses access to capital, qualified people, and state of the art technology which will lead to Missouri becoming a recognized national leader in entrepreneurial development, including implementing recommendations from Entrepreneur Policy Academy to develop programs tailored to the needs of growth oriented businesses <p><u>Short Term</u></p> <ul style="list-style-type: none"> ❑ Increase international propensity and sales of Missouri firms and institutions. ❑ Develop supply chains, including piloting "Reverse Trade Show" concept and funding Missouri Business Development Network

Outcome Measure #3 -- Increase the number of dollars of cost savings by Missouri businesses



Description of Measure

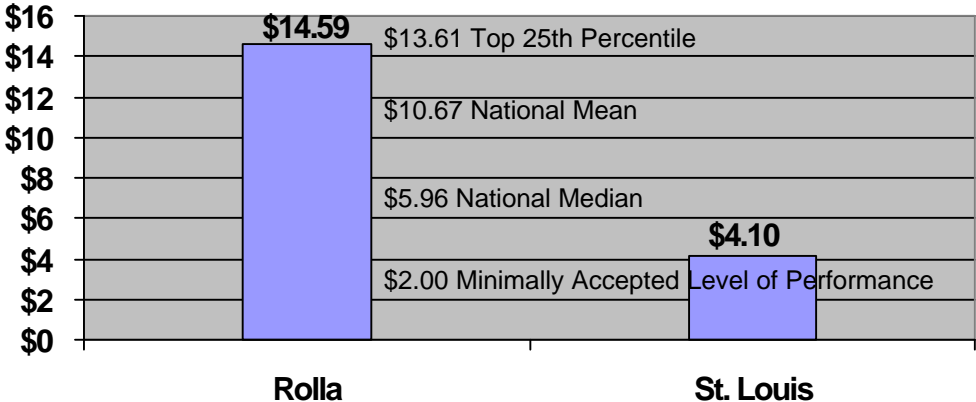
This measure includes the aggregate cost savings (labor, material, inventory and other) plus 15% of the revenue increases. The 15% is a nominal measure of that portion of incremental revenues (from expanding into new markets with existing products or introducing new products) that flow to net income - the bottom line.

Why this measure is important

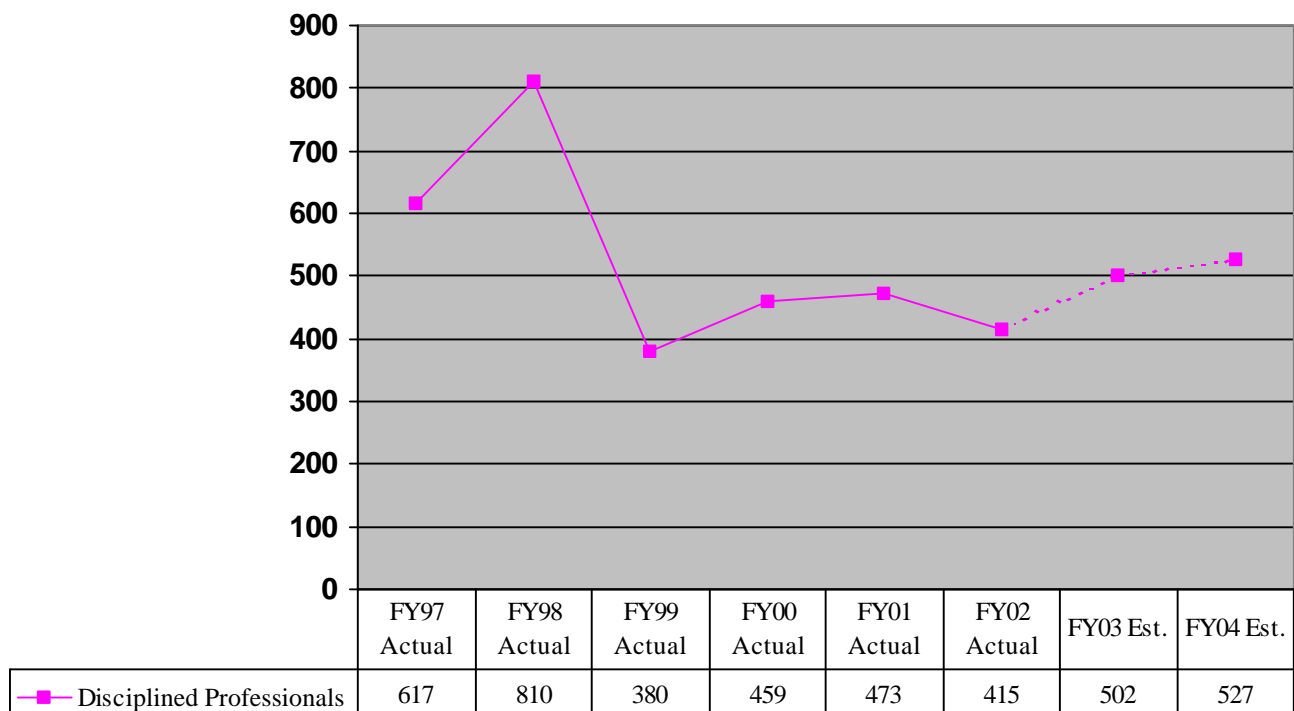
Cost savings adds to the productivity of a company's bottom line. When a company can achieve cost savings in their operation, it will either add to the profits of their current operation or the extra money received from savings will let them reinvest in their operations to further expand their business.

Factors influencing this measure

The budget reductions experienced by Missouri Enterprise Program and the Innovation Centers for FY02 and FY03 and the elimination of the Centers for Applied Technology (CATS) and Electronic Materials Applied Research Center (EMARC) programs have affected the anticipated performance for cost savings. Missouri Enterprise has reduced its staff by 25% (8 staff) with a corresponding reduction in contracted performance.

Trend analysis	<ul style="list-style-type: none"> ❑ The number of dollars of cost savings has fluctuated from FY'98 through FY'01, but overall has shown increased performance. ❑ The majority of cost savings (nearly 98%) resulted from services provided by Missouri Enterprise Program engineers working with Missouri manufacturing companies. The remaining cost savings resulted from assistance provided to Innovation Center customers and services performed by the Office of International Marketing's foreign offices. 														
How Missouri compares to other states	<p style="text-align: center;">Bottom-Line Client Impact per Federal Dollar as a Result of Cost Savings</p>  <p>The chart displays the bottom-line client impact per federal dollar for two locations: Rolla and St. Louis. The y-axis represents the dollar amount, ranging from \$0 to \$16 in increments of \$2. Rolla's impact is \$14.59, which is above the \$13.61 Top 25th Percentile benchmark. St. Louis's impact is \$4.10, which is below the \$10.67 National Mean and the \$5.96 National Median. A \$2.00 benchmark is labeled as the 'Minimally Accepted Level of Performance'.</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Impact per Federal Dollar</th> </tr> </thead> <tbody> <tr> <td>Rolla</td> <td>\$14.59</td> </tr> <tr> <td>St. Louis</td> <td>\$4.10</td> </tr> <tr> <td>Top 25th Percentile</td> <td>\$13.61</td> </tr> <tr> <td>National Mean</td> <td>\$10.67</td> </tr> <tr> <td>National Median</td> <td>\$5.96</td> </tr> <tr> <td>Minimally Accepted Level of Performance</td> <td>\$2.00</td> </tr> </tbody> </table>	Location	Impact per Federal Dollar	Rolla	\$14.59	St. Louis	\$4.10	Top 25th Percentile	\$13.61	National Mean	\$10.67	National Median	\$5.96	Minimally Accepted Level of Performance	\$2.00
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National Median	\$5.96														
Minimally Accepted Level of Performance	\$2.00														
What Works	Assisting businesses in implementing best practices and techniques in business and manufacturing processes, e.g., lean manufacturing.														
Concerns	Reduction in the funding for MEP and the Innovation Centers will reduce client services and may result in a reduction in the cost savings generated for clients.														
Strategies	<p><u>Long-Term</u> Not identified at this time</p> <p><u>Short-Term</u></p> <ul style="list-style-type: none"> ❑ Reduce the cost of marketing for Missouri companies seeking new market penetration. ❑ Provide consulting services on international development. 														

Outcome Measure #4 -- Decrease the number of incompetent, negligent, fraudulent, dishonest services by licensed professionals



Description of Measure

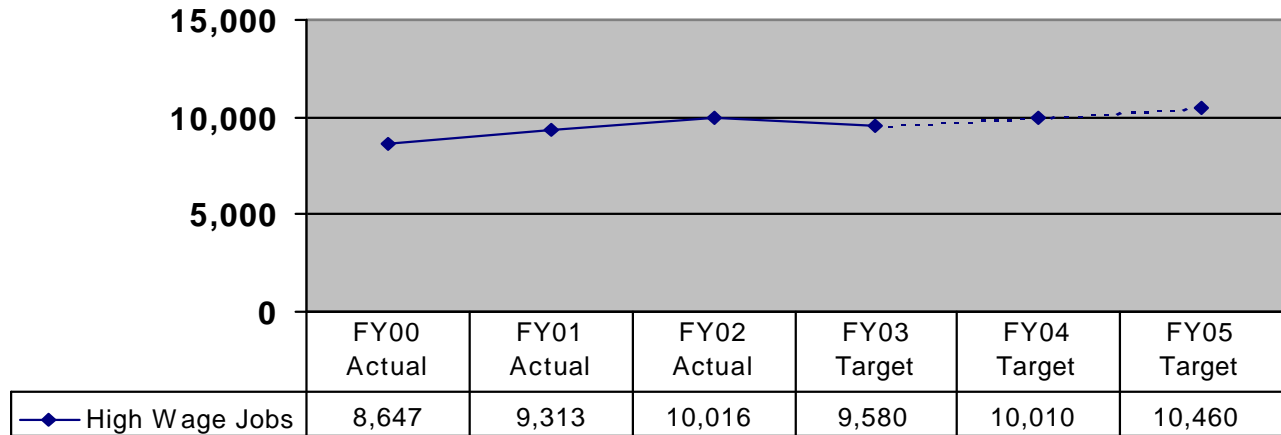
Why this measure is important

The Missouri Division of Professional Registration is comprised of over thirty professional licensing boards, committees and commissions that are responsible for safeguarding public health, safety and welfare. Along with licensing and regulating the individuals practicing these professions, numerous boards also license and regulate the business/facility as well. The Division of Professional Registration regularly inspects facilities ranging from pharmacies and funeral homes to barber shops and veterinary clinics. Although the statutory authority varies from profession to profession, the division is primarily responsible for ensuring that space and cleanliness standards are met. Those facilities that are found to be in violation of the laws or regulations may have their license disciplined and/or face possible loss of the license.

Factors influencing this measure	Possible factors include the enhanced availability of information by the division/boards through websites, newsletters, brochures, etc. and up-to-date information to other agencies (e.g., Medicaid, Child Support Enforcement, Revenue, etc.).
Trend analysis	Based on actual history over the last six years, the division does not anticipate a significant increase or decrease in the number of complaints received or in the number of licenses disciplined annually.
How Missouri compares to other states	No information available at this time.
What Works	All of the boards within the Division of Professional Registration publish a newsletter at least annually to ensure that licensed professionals are kept informed of the current standards of practice. In addition, various boards have taken a more proactive stance to inform their licensees about specific regulations by conducting educational sessions for the licensees at no cost to them.
Concerns	Finding ways for an impaired practitioner to seek treatment without adversely affecting his/her ability to practice.
Strategies	<p><u>Long-term</u> Not identified at this time</p> <p><u>Short-term</u></p> <ul style="list-style-type: none"> ❑ Prevent incompetent, negligent, fraudulent, dishonest service by licensed professionals through proactive inspections, education, and enhancement and refinement of legislation. ❑ Resolve reports of suspected incompetent, negligent, fraudulent, dishonest services within 3 years.

Success Predictor – High Wage Jobs

Objective Measure #1 -- Increase the number of high wage jobs created in Missouri by firms

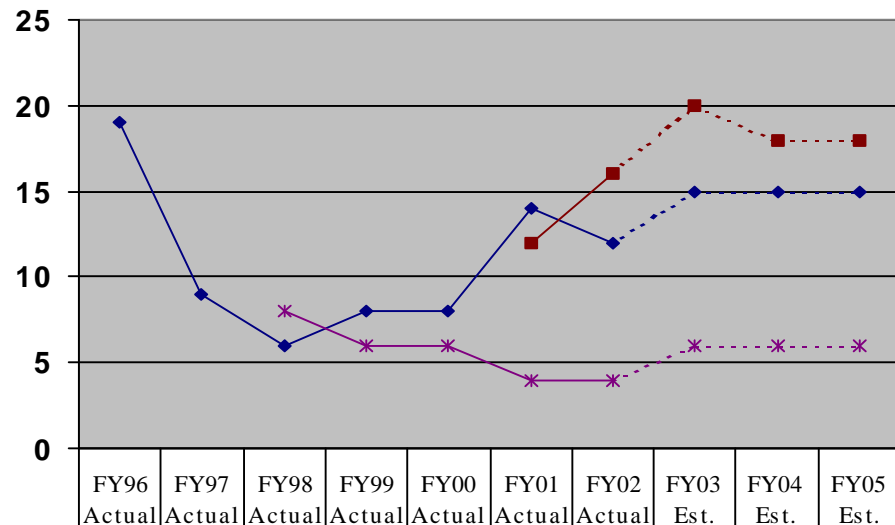


Description of Measure	This measure represents the number of high wage jobs created by projects that were assisted by Business Expansion and Attraction and the Division of Workforce Development. The projects include only “traded cluster” firms, which do not include retail or low-tech service firms (referred to as “local cluster” firms).
Why this measure is important	With an unemployment rate below historical trends (and below the national average), and limited financial resources for incentives, it is necessary to direct our resources where it can have the greatest effect on the economy, which studies indicate are “priority” projects with “quality” jobs. Priority projects are those which involve most types of industries with the exception of retail, services in intra-state commerce, and certain others; and that pay above the average for the area and have standard benefits. Quality jobs are new jobs created with wages above the county average and full benefits.
Factors influencing this measure	<p>The variables that primarily affect the results of this measure are:</p> <ul style="list-style-type: none"> ❑ performance of the national/world economy ❑ initiatives and efforts by DED and its partners to facilitate projects (marketing, project management), which include the level of marketing funds and the quality of staff efforts ❑ the availability of business incentives for competitive projects

Trend analysis	<p>FY02 results were significantly improved compared to FY01 due to improved coordination with our partners and better targeting of resources. However, it is likely that due to the lack of competitive incentives and a reduction of marketing funds, FY03 may experience a reduction. In addition, the recent trends of the stock market may indicate a continued slowdown in the national economy.</p>
How Missouri compares to other states	<p>There are no established national data available that can be used to compare Missouri with other states for projects that were directly assisted/facilitated by direct state efforts. The most well known rating of business climate is the Forbes/Milken "Best Places for Business" index which rates metropolitan areas only.</p>
What Works	<ul style="list-style-type: none"> ❑ DED directs its marketing efforts to attract targeted industries and priority "traded cluster" companies. ❑ DED targets discretionary incentives for quality projects of "traded cluster" companies. ❑ Close cooperation with our partners is essential for proper project management and effective marketing strategies. ❑ The cooperative marketing program, which has been in effect for two years, has brought individual communities together in a coordinated effort to market themselves as a region, resulting in much more efficient use of limited funds. ❑ The Missouri-Location One database of sites, buildings and community profiles is a state-of-the-art system using the national site selection data standards recommended by national site location firms. ❑ Research has indicated there are distinct differences in the strengths and advantages of different regions in the state, as well as the differences in business clusters. In addition, some parts of the state have lagged greatly and are in need of special attention. As such, strategies for business recruitment and expansion marketing are being developed for each region working closely with our partners, rather than a single statewide strategy. <p><u>Example of Targeted Industry Assisted by Business Expansion and Attraction</u></p> <p>Located in North Kansas City, Cerner Corporation designs healthcare information management systems that enhance the managerial efficiency and clinical effectiveness of healthcare delivery worldwide. Cerner is emerging as a national leader in the information technology sector.</p> <p>Since its inception as a Missouri company in 1979, Cerner has grown at a phenomenal 25% per year. In 2001, the company invested more than \$2 million to renovate a training facility due to their fast growth and critical training needs. In addition, Cerner has embarked upon the first</p>

	<p>phase of an aggressive expansion plan, currently constructing a new 132,000-square-foot headquarters facility. This multi-million dollar expansion is expected to result in the creation of 1,500 new jobs, further solidifying its position as a flagship information technology company.</p> <p>DED has assisted in Cerner's growth by providing tax credits, training funds, and technical assistance. Finally, Cerner was named the 2002 winner of the "Business Expansion and Attraction" award at DED's annual conference.</p>
Concerns	<ul style="list-style-type: none"> ❑ The national economic slowdown continues into FY03 with hopes that it will improve later in the year. ❑ Reductions in marketing funds will affect recruitment opportunities. ❑ Reductions in incentives for competitive projects will affect DED's ability to compete with other states for larger projects.
Strategies	<p><u>Long-Term</u></p> <ul style="list-style-type: none"> ❑ Refocus incentives and marketing resources on industry clusters important to Missouri's economic prosperity – Life Sciences, Information Technology, Advanced Manufacturing <p><u>Short-Term</u></p> <ul style="list-style-type: none"> ❑ Increase the number of new locations ❑ Increase the number of expansions ❑ Increase jobs retained ❑ Develop strategic plans for each region with our local/regional partners – marketing/lead generation; project management; existing business expansion; and "early-warning" retention efforts. This is based on the research by the Council of Competitiveness, the Progressive Policy Institute, and the US Economic Development Administration that state efforts should focus on innovation, traded clusters, and regional economies.

Outcome Measure #1 -- Decrease the number of "problem" financial institutions



—◆— Banks, savings and loans and trust companies	19	9	6	8	8	14	12	15	15	15
- - -■- - - Consumer credit companies						12	16	20	18	18
- - -* - - - Credit unions			8	6	6	4	4	6	6	6

Description of Measure

Why this measure is important

The number of “problem” financial institutions provides a quick look at the overall health of the financial industry within the state of Missouri. Bank failures are rare when the number of problem institutions is low, as in recent years. Conversely, and as should be expected, bank failures experienced in the late 1980s and early 1990s were accompanied by an overall lower quality of institutions and, therefore, a much higher number of problem institutions. A sustained upward trend in the number of such institutions can most certainly be considered an indicator of imminent bank and other financial institution failures.

Factors influencing this measure

The single largest influence on the condition of financial institutions today is the national, state and local economies. Poor economic times and weak agricultural years were the primary reasons for the large number of financial institution problems of the middle to late 1980s and early 1990s. Since that time, economic times have generally been much more favor-

	<p>able allowing for many years of record performance for financial institutions in the United States. Despite recent economic weaknesses, most institutions have been more able to weather certain weaknesses due to better planning, risk management, and diversification. We believe regulation has played a big role in this area.</p> <p>In addition to the economy, quality of credit union management, including volunteers, and field of membership, as it relates to members who may be experiencing loss of income because of a lay off or business closure, influence this measure.</p>
Trend analysis	<ul style="list-style-type: none"> ❑ The number of problem banks, savings and loan associations and trust companies again increased toward the end of FY02, after marked improvement in the first and second quarters. While the number of problems is still below our strategic goal, the effects of the national recession are being felt in Missouri banks, as criticized and past due loan levels evidence borrower financial deterioration. The number of problem consumer credit companies has also risen sharply during the year, partially due to new regulations requiring additional training of consumer credit company personnel. The number of problem consumer credit companies has been reduced to 16 at the end of FY02. ❑ The average months of banks in problem status have been reduced dramatically in the last three years as longer term problems have improved sufficiently (or merged into other institutions) to be removed from problem status. ❑ Only one institution removed from problem status since the end of FY94 has subsequently deteriorated to problem status again (was improved in only 6 months). ❑ As of December 31, 2001, the number of problem credit unions has decreased to 3. This reduction is attributed to aggressively working with these credit unions to improve their financial situation. The problem credit union trend is expected to be level.
How Missouri compares to other states	<p>Although comparative data (by states) is not readily available, the number of problem institutions (banks) is low by historical standards. This can best be measured by the number of financial institution (bank) failures in the United States. Since 1934, there have been over 3,000 failures of institutions whose deposits were insured by the U.S. Government. The majority of these failures occurred from 1985 through 1992 when nearly 2,500 institutions failed (at least 180 failures in each of those eight years). Since 1992, except for 1993 and 1994, the number of failures has been fewer than 10 each year. There have been no failures in Missouri since 1994. The last Missouri state-chartered institution</p>

	<p>(bank) failure was in 1992.</p> <p>Missouri participates in the Texas Credit Union Department's Benchmarking Program. The following table shows Missouri ranking in the percentage of "safe and sound" credit unions for FY'01</p> <table> <tr> <td>Wisconsin</td><td>99.0%</td></tr> <tr> <td>Michigan</td><td>98.6%</td></tr> <tr> <td>Missouri</td><td>97.6%</td></tr> <tr> <td>Texas</td><td>97.6%</td></tr> <tr> <td>North Carolina</td><td>92.0%</td></tr> </table>	Wisconsin	99.0%	Michigan	98.6%	Missouri	97.6%	Texas	97.6%	North Carolina	92.0%
Wisconsin	99.0%										
Michigan	98.6%										
Missouri	97.6%										
Texas	97.6%										
North Carolina	92.0%										
What Works	<p>The use of proactive examination techniques for early identification of potential problems and close coordination with the financial institution to resolve concerns have been found to be the most effective strategies in reducing the number of problem institutions.</p> <p>Addressing problems within financial institutions is best handled through direct contact with their boards of directors and active management teams. This is accomplished with periodic on-site examinations as well as off-site monitoring. By maintaining close contact with management of problem institutions, weaknesses can normally be addressed within reasonable time frames enabling problem institutions to return to satisfactory condition in a relatively short time period.</p>										
Concerns	<ul style="list-style-type: none"> ❑ The length and depth of the economic slowdown will adversely affect credit quality and the financial health of the industry. ❑ Maintaining an experienced and trained examination staff is critical to effective identification of risky banking practices and prompt resolution of problems. ❑ Recent declines in interest rates should help to relieve strains on financial institutions as borrowers become more able to meet loan repayment requirements. ❑ Agricultural borrowers face continued low prices on the goods they produce. ❑ Competitive pressures from traditional and non-traditional sources present a never-ending challenge to financial institutions of Missouri. ❑ In an ever-changing environment, credit unions have had to look at alternative ways to generate loan demand. There is a concern that the added risk incurred could cause future losses to the credit unions. ❑ The general outlook on a national level for small credit unions is bleak. Small credit unions may not have the resources, specifically for technology, to be able to compete in the financial institution market. ❑ The cooperative effort between credit unions of all sizes could suffer as competition stiffens in the industry. 										

Strategies

Long-Term

- Analyze/minimize the effect of the economic downturn through utilization of pro-active examination and institution monitoring techniques.

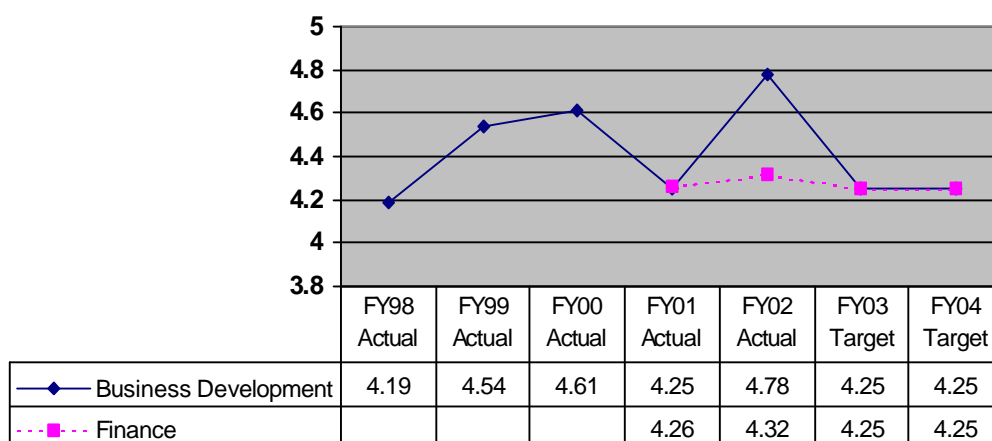
Short-Term

Not identified at this time

Note: The “customer satisfaction” and “decrease costs” measures and strategies are applicable to all Success Predictors.

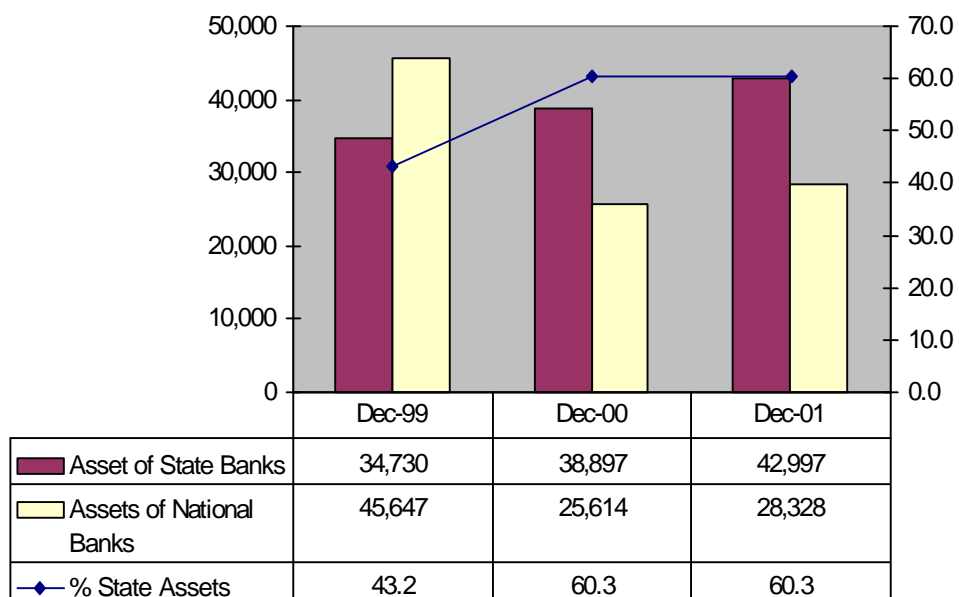
Outcome Measure #1 - Increase customer satisfaction with the Department of Economic Development

Customer Satisfaction



5 point scale where 5 is the best

Market Share - Finance



Visitor Satisfaction Index Rank

	1998	1999	2000	2001
Louisiana	19	21	12	16
Texas	18	22	20	18
Missouri	27	27	24	25
Tennessee	20	16	26	17
Illinois	29	24	31	35
Arkansas	39	41	39	42
Nebraska	47	43	44	45
Oklahoma	50	39	45	48
Indiana	48	47	46	46
Kansas	49	49	49	51
Iowa	42	51	51	50

Description of Measure

Why this measure is important

Unlike private business whose customers can choose to “do business” elsewhere if they are not satisfied, many of DED’s customers do not have a choice. Many times, the only choice customers of DED have is whether to do business or not. Because of the lack of choice, customers of state government may be dissatisfied and feel compelled to tolerate bureaucratic systems. Two measures of significance in assessing customer satisfaction are customer satisfaction survey results, and for those customers who have a choice, market share.

Factors influencing this measure

Analysis has not yet been completed.

Trend analysis

- ❑ Business Development continues to show above average customer satisfaction. The decrease to a 4.25 rating in FY’01 is due to the inclusion of survey results from a set of customers who were not previously surveyed.
- ❑ Market share of banks who are state chartered has increased from 43.2% of assets in December 99 to 60.3% of assets in December 01.

There are no national customer satisfaction measures for any customer group other than "visitors."

According to the 2001 American Traveler Survey by Plog Research, Inc., Missouri placed 4th of 11 among its primary competition and 25th among all 51 destinations (50 states plus the District of Columbia). Missouri's position has improved from 1997 when it placed 27th out of the 51 destinations measured.

What Works

Analysis has not yet been completed.

Concerns

Analysis has not yet been completed.

Strategies

Long-Term

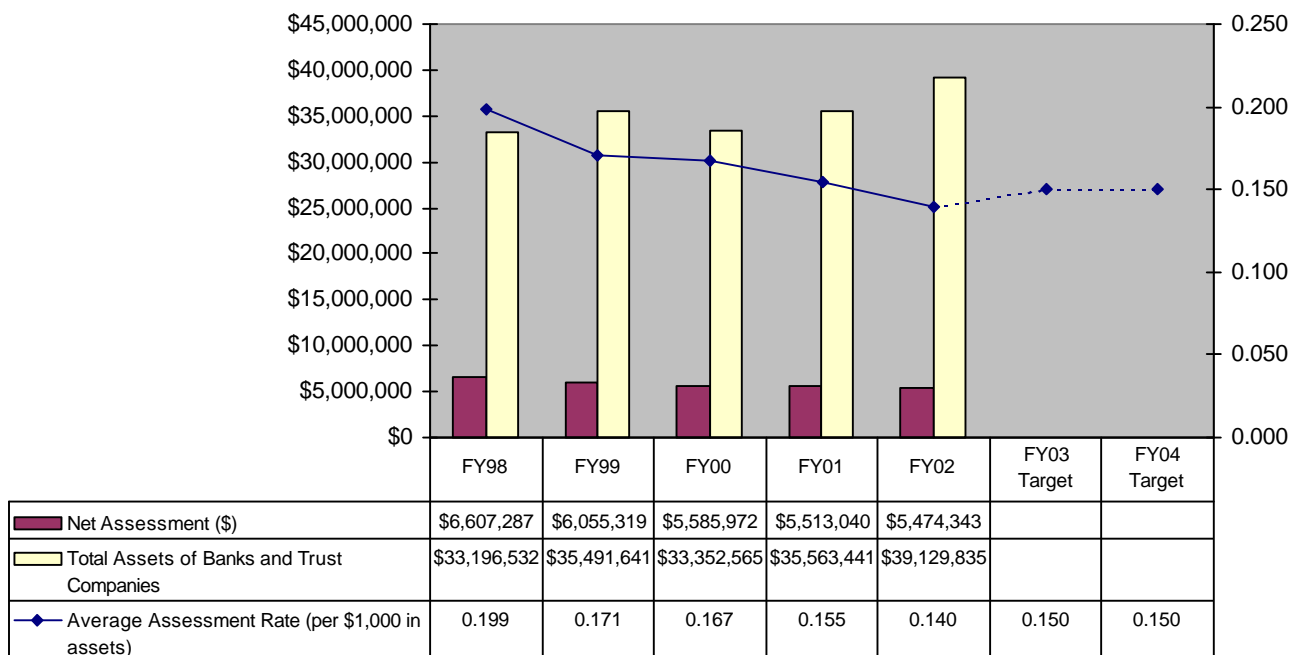
- ❑ Improve performance on key customer requirements, e.g., timeliness, accessibility, accuracy, integrated delivery system
- ❑ Improve overall performance through participation in the Missouri Quality Award process and other organizational assessment processes

Short-Term

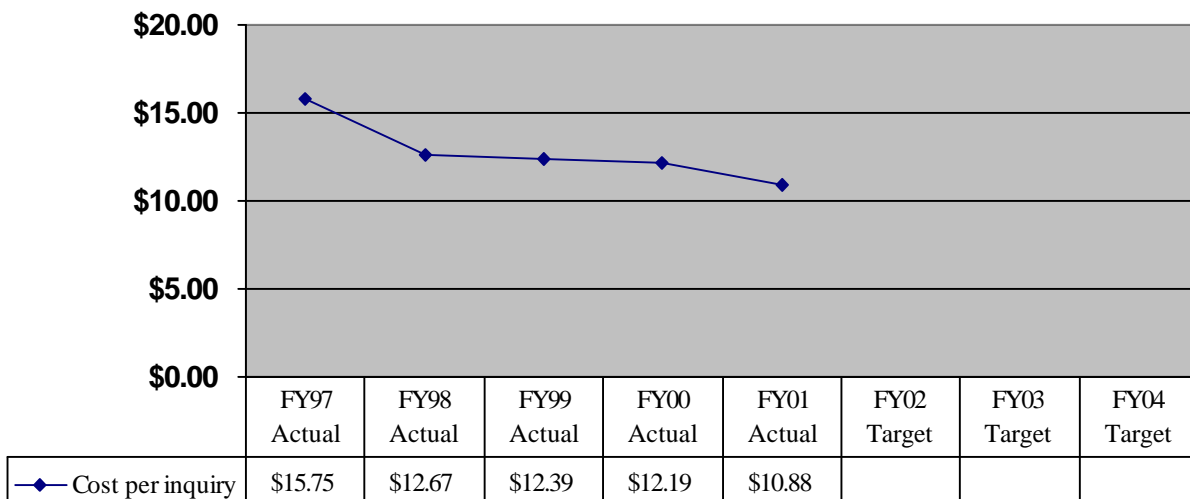
- ❑ Increase the number of products designed to customer expectations
- ❑ Increase the number of processes meeting customer expectations

Outcome Measure #2 - Decreased costs to achieve results/outcomes for DED and the customer

Assessment Rate -- Banks

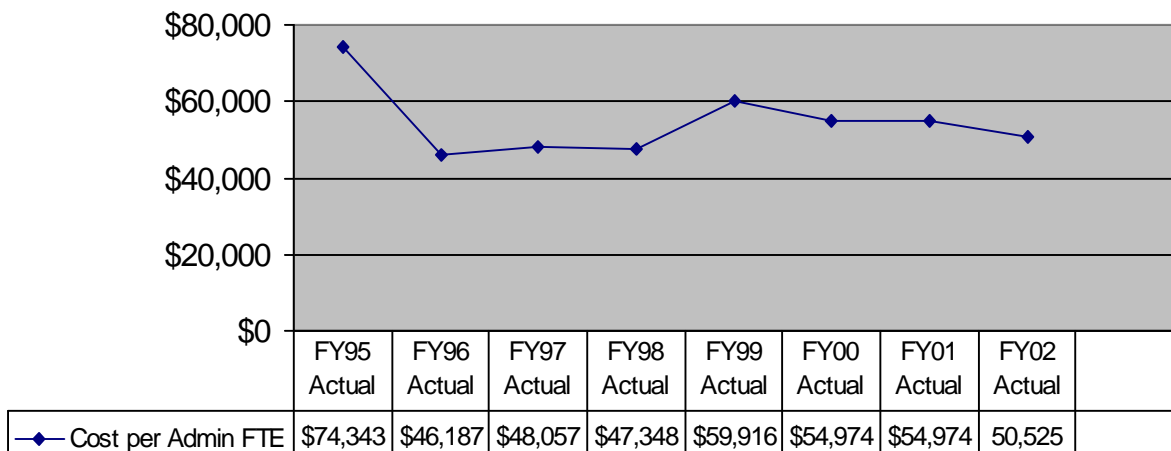


Cost Per Tourism Inquiry



web user sessions plus phone

Cost per FTE for Department Centralized Administration



Description of
Measure

Why this measure
is important

During a time of reduced federal and state revenues, DED must improve the effectiveness and efficiency of its operation in order to continue to provide the highest level of services to Missourians

Factors influencing this measure	None identified at this time.
Trend analysis	<ul style="list-style-type: none"> ❑ The cost per tourism/potential visitor inquiry has dropped significantly from \$15.75 in FY'97 to \$1.95 in FY'01 through increased use of the internet. ❑ The assessment fee for banks has been reduced 30% from FY98 to FY02. This represents a \$1.1 million reduction in fees assessed from FY98 to FY02.
What Works	No comparisons at this time.
Concerns	None at this time.
Strategies	<p><u>Long-Term</u></p> <ul style="list-style-type: none"> ❑ Through cross-agency collaboration, increase the ability and capacity to report and analyze demographic, economic, and workforce data leading to improved planning, policy decision making, and increased economic competitiveness ❑ Achieve governmental reform through application of private business practices, elimination of bureaucracy, increased focus on performance and customer satisfaction, and continued focus on accountability to Missouri taxpayers. ❑ Through the use of a focused application of economic incentives, reform the use of these incentives to increase the productivity (return on investment) and decrease the cost of incentives. <p><u>Short-Term</u></p> <ul style="list-style-type: none"> ❑ Reduce direct costs charged to customers ❑ Reduce indirect costs (time and resource demands) for customers to use DED products/services ❑ Reduce administrative costs ❑ Reduce the cost to achieve results